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# Latin America Report

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## LATIN AMERICA REPORT

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## PAPER FOCUSES ON NEW U.S. ECONOMIC MEASURES, TIN PRICES

La Paz ULTIMA HORA in Spanish 7 Jan 81 p 2

[Text] The deferment of the Fifth International Tin Pact could not be more timely, first of all, because it will make it possible, by the next meeting scheduled for May, to reconcile the diversity of opinions which to date have obstructed approval of the new pact. Second, it will be possible in this period of time to evaluate the impact of economic measures which the Republican administration has promised to implement in order to overcome the crisis affecting the United States.

The establishment of international pacts for the stabilization of prices of exported raw materials has been a constant in the foreign policy of underdeveloped countries. However, the terms which these accords have acquired in recent years and the goals achieved by each one of them differ enormously from one another. The International Tin Pact occupies a privileged place, not only because of its importance, but also because it has stabilized the price of this strategic metal with the broadest possible backing of producer and consumer countries.

It is for these reasons that Bolivia gives maximum priority to the existence of an international pact such as the tin pact and any factor tending to its destabilization will have to be observed and analyzed. In this sense, the statements made by spokesmen of the Republican Party must be taken into consideration because if they should become government policy, they will affect the course of the discussions being held for approval of the Sixth Pact as well as the immediate future of tin, if the collapse of discussions implies more dumping from strategic reserves.

Among the economic measures announced by President Reagan is a more careful analysis of obligations which the United States assumed contractually through international pacts for the rationalization of world trade. The spokesmen of the new administration have announced that they will only support international pacts that "are economically viable and that consequently reduce their objectives to more practical goals, such as that of ensuring the stabilization of prices of each of the raw materials covered by a pact so as not to distort market trends." This view responds to a position traditionally taken by the Republican Party when it has been in power in the United States.

While this pragmatism is not compatible with the proposals recently made, even by Americans, to try to establish a more just world economic order, in the face of the magnitude of that nation's crisis and that of the entire world as a result of the rise in oil prices, it should not be surprising that the new administration,

inspired by old free trade dogma, should prefer the withdrawal of the United States from these international pacts before the application of corrective economic measures within its own system.

At least, in this difficult circumstance, we have the benefit of knowing the intentions of the new governing team of the United States and can foresee the effects of their applications. What would be most serious would be to continue to act as if nothing were to happen to the Bolivians' "bread and butter," which is how tin, our main export products, is known.

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CSO: 3010

## ARCE ANNOUNCES PLANS TO ESTABLISH SPECIAL SECURITY FORCE

La Paz EL DIARIO in Spanish 7 Jan 81 p 3

[Text] Given the existence of a vacuum in the area of the country's national security, the Ministry of Interior has joined with the Armed Forces staff in completing a study for the establishment of a special force to be in charge of maintaining and controlling national security.

The announcement was made yesterday by Col Luis Arce, minister of interior, in statements to the press, on which occasion Arce gave details on what the new force would be like in the future. "It will be similar to the Argentine gendarmerie," he said, "and the proposal presented to the army states that the uniformed police would be under an undersecretary of security and would be made up of the National Guard, the Customs Guard and the Territorial Guard."

Arce said that for the time being, it is only a proposal that has not yet been completely defined. "But we must not forget that our doctrine is based on security," he said, "and when we make an analysis of this matter, we see that we are out in the cold because we have nothing. We want to organize a force like all other countries have, a force that could be called the Territorial Guard. Furthermore, the Bolivian Police could become part of the Ministry of Defense."

In another statement, the minister of interior reaffirmed the need to reorganize the National Police and DIN [Department of National Investigation] because there is currently a duplicity of functions. "DIN must be trained to control crime and security must be the business of the police," he said.

Arce was asked about statements by some police officials who, by virtue of higher orders, were transferred to the reserve forces. Arce said that "the members of the police, DIN and Transit have protested their transfer to the active reserves. They may be justified and every case will be analyzed."

He added: "I believe that it is painful to sever individuals from an institution, but when one has served 30 years in the army, one has to retire to make way for the new generations."

"The Bolivian police is traumatized because a courageous act was performed. For example, Col Pablo Caballero may have been a good police chief, but he continues to remain in command circles along with others. The Organic Police Law states that after 30 years of service and 2 years of reserve service, one must retire. This must be understood because it is honest and does not try to hurt anyone. There is a word that we Bolivians often forget; it is 'dignity.' When one has performed 30 years of service, one has to make way for new people."

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## INVESTMENT LAW REASSESSED, NEW OBJECTIVES OUTLINED

La Paz ULTIMA HORA in Spanish 6 Jan 81 p 9

[Text] At a meeting that will last all day today, an analysis will be made of the proposed reformulation of the investment law dating from 10 December 1971, a meeting in which authorities and executives from the public and private sectors will participate.

The general guidelines of the new document point out that investments which will benefit from and be guaranteed by the provisions of the new law must help achieve the following objectives:

1) an increase in the country's productive capacity, preferably in priority economic sectors and geographic zones; 2) the creation of jobs and the absorption of labor; 3) an improvement in and incorporation of modern technology compatible with the rational use of labor existing in the country; 4) development of the country's depressed areas; 5) an increase in and diversification of exports; 6) the selective replacement of imports; 7) preferential use of consumable expenditures, raw materials and component parts of national origin; 8) the creation of added value; 9) the achievement of proper levels of industrial efficiency and competitiveness; and 10) effective participation in benefits deriving from the processes of integration in which the country is involved.

#### Investments

It is also planned that investments in economic activities (manufacturing industries, mining, agriculture, livestock raising, industrial complex, farm services, construction, tourism, processing, national raw materials, semi-finished products, and so on) may be aimed at new production units, expansion, diversification, the merger of enterprises, modernization and the reorganization of enterprises.

In addition, it is planned that in order to enjoy incentives provided by the law, "it will be an indispensable condition that new investments be made with the installation of machinery and equipment of existing universal technology whose use permits efficient output."

The new investments "may be financed with the contribution of capital and/or credits, the latter being obtained for over 2 years time."



## Basic Industry

As provided by existing provisions, "strategic industries will include metallurgy, iron and steel and petrochemistry in its basic phases, which will be developed by the government through its enterprises. However, if it should be in the national interest, national or foreign private capital may participate in these industries reserved to the state, under minimum conditions."

"The conditions, terms and provisions governing the participation of private capital will be established by supreme resolution, channeled through the proper ministry."

Basic phases include the following: 1) in metallurgy and iron and steel, the primary transformation of concentrates or minerals into metals by foundry processes and/or refining; and 2) in petrochemistry, the activity and processes of converting hydrocarbons to arrive at the production of olefins and aromatics.

## Incentives

Naturally, the investment law includes a series of benefits and guarantees for enterprises that have recourse to its system of promotion, "depending on the nature of the project and its degree of priority for the country's economy," from tax exemptions for 10 years to new constructions that would help develop economic activity to reductions in the amount of royalties applicable to increases in mining production, and so on.

Enterprises "will also enjoy guarantees of the availability and convertibility of the currency in which the investment was made for amortization of the capital invested, the payment of profits and dividends on the foreign investment and for service on the foreign credit."

## Benefits

The law contains a chapter specifying the concession of benefits for the manufacturing industry, classified in categories, for the installed industry, mining, agriculture, livestock raising, the breeding and use of animals, farm services, tourism, construction and priority projects.

The proposed reformulation of the investment law will undeniably deserve the presentation of criteria and perhaps observations from interested sectors such as the country's productive sectors, represented at the meeting being held in the board room of the Central Bank of Bolivia starting at 0900 hours. Officials will examine the new document which will be the instrument to attract investments that will contribute to the country's economic and social development, which is the purpose of the Government of National Reconstruction.

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## PRESIDENT FIGUEIREDO INTERVIEWED BY 'MANCHETE'

Rio de Janeiro MANCHETE in Portuguese 17 Jan 81 pp 5-7

[Interview with President Joao Figueiredo by Alexandre Garcia, 31 December 1980 at his home]

[Text] In the last hours of daylight of 1980, President Joao Figueiredo received this reporter from MANCHETE at the Torto residence for the interview requested the day before. He was going to lunch later on that Wednesday but we concluded by exchanging that meal for a number of questions which obliged him to speak about serious subjects on a day he expected a tranquil beginning of the new year at the side of Dona Dulce, his son Paulo, his daughter-in-law and grandchildren. This interview is the complete text of the frank conversation as it appears in the recorder. This reporter only put in the punctuation.

MANCHETE: On 15 January you will be 63 years old. Do you believe that you could go through everything that you have already gone through or would you prefer to have avoided doing something or done something else in your life?

Figueiredo: I am not sorry about anything I have done. I have done nothing for which I have to feel sorry for. There are even some errors of mine, which if I had to do them over again, I would repeat them. That does not mean that I have always done the right thing. I may have made mistakes in many things, I may have committed many errors, but the errors I committed were committed with a sound good conscience, many times not knowing they were errors but, in my opinion, knowing that it was the best that could be done to remain at peace with my conscience. I am not sorry about anything I did. Now, would I prefer to repeat everything? No. Sincerely, I would prefer that some things had not happened. Now, as to actions in which I participated, decisions that I made, I do not repent about any of them because if I were to be in that situation in which I had to make those decisions, I would make them again. I do not repent about anything.

MANCHETE: Could you name those things?

Figueiredo: There are so many things that one decides in 63 years that others do not agree with, is that not so? However, my conscience does not accuse me of any discreditable action. It does not accuse me of any action meant to harm anyone. It does not accuse me of anything at all that would harm my country.

And it does not accuse me of anything from which I could have obtained any benefit or gain. Everything I did was well thought out, sometimes with the sacrifice of my family, the sacrifice of my children, but I am not sorry, it was good.

MANCHETE: In those almost 2 years in the presidency should you have desisted from doing something you did or done something you failed to do?

Figueiredo: I would prefer to answer the second part: I desisted from doing many things I wanted to do but which circumstances did not allow; many things I wanted, and still want, to do, but which I could not do because circumstances did not allow. However, in compensation, I did many things not foreseen in order to prevent a greater problem.

MANCHETE: Are those circumstances of political or financial nature?

Figueiredo: Of a political nature, or a financial nature...primarily of economic nature...many things to prevent a greater evil.

MANCHETE: A greater evil?

Figueiredo: It may not have been the ideal solution but it was the solution, which if not the correct one, would do less harm to the country.

MANCHETE: In the new year everyone is accustomed to making a list of resolutions for the coming year. What resolutions does the Citizen President Joao Figueiredo have for 1981?

Figueiredo: Look, I do not like the method of resolutions very much. In military life we learn that the method of resolutions is always defective. I prefer the method of possibilities, to do whatever is possible within our physical, mental, moral and other possibilities. What I would like in 1981, for example, is to be able to emerge from this economic crisis, to reach the end of the year with a reasonable balance of payments, to find a quicker solution to our foreign debt, to be able to emerge from this energy crisis and with that surplus we could then improve living conditions for the Brazilian people. Finally, I want this: Improve the living conditions of man. But that is only possible with resources. I have greatly sacrificed some large projects for the country, I have delayed some projects precisely because of the social sector. I believe that we should do the impossible to improve the living conditions of the Brazilian man.

MANCHETE: Do you believe it is unfair to say that priority for social things is losing to priority for the economy.

Figueiredo: To give priority to the social aspect does not mean that the economy should be neglected because without the economy the social things cannot be done. The economic side is what provides the resources for the social. Everyone says: "Priority for the social side." But how? With what resources? It is only possible to have resources if we export, if we manage to sell, to produce. Unless it is by printing money or asking for loans, I do not see any other solution than generating resources by means of the national economy. Printing

money causes inflation; it is unlikely that foreign financing will be attracted to the social sector because it knows that there are no returns. It is utopian for people to want to develop the social side and neglect the economy. That cannot be, particularly in the social field whose results are in the long term. Take education, for example, the country is going to receive the fruits of its investments in education after the youth has grown up.

MANCHETE: Another year-end custom is that of making forecasts. Would you hazard a very long-range forecast as to how you expect the country to be in the political, economic and social fields on 15 March 1985 when you leave government?

Figueiredo: In the political field, I have great hopes that we will have already normalized the political life of the country. I am almost sure that it is possible to reach that objective, provided that certain elements of the opposition cooperate with the government for that. In the economic field, it is going to depend greatly on the world economic situation. If we continue with those increases in petroleum as we had this year--you must remember that I assumed office with petroleum at \$12 and that today it is \$35--any plan that the people make for exporting \$500 million is cancelled by an increase of \$2 per barrel of oil. No one remembers that. Sometimes an entire year's planning is dashed by an OPEC decision to increase petroleum by \$2. It is very difficult to make forecasts in terms of others. I can make a forecast on my household budget. I earn X amount, I am going to do this, I am going to buy that, I can buy a refrigerator, a dress for my wife. But I cannot do that with costs which come from abroad. With prices increasing as they are, it is hard to make a forecast. It is enough to say the following: This last increase in petroleum prices cost us between \$500 and \$600 million.

MANCHETE: With the information the president of the republic has, does he believe that Brazil can continue to hope that it will find its own petroleum some day?

Figueiredo: It can, and it has to. If I did not think that I would have ordered a halt to that frenzied search for petroleum because it would be throwing money away. I have hope. Just as it happened with Mexico, which took such a long time to find it and now can export petroleum, I have hopes that it will also happen to Brazil. It is true that the geological conditions of Brazil do not give much hope to everyone. Whoever studies Brazilian geology, whoever talks to the technicians, does not receive much hope. There are few sedimentary basins where there is a probability of petroleum. However, that does not mean that it does not exist. That is why no one can completely abandon prospecting for petroleum or be discouraged with respect to the energy alternatives such as alcohol and biomasses, for example. We must turn to both and to nuclear power. One thing is certain: The right thing for us is biomass and alcohol. Nuclear energy we can have when we have the resources. In the meantime, we are still in the crawling stage. We do not yet have the resources for a full development. From the results of all of them we may have a solution.



MANCHETE: Is the nuclear program being left behind?

Figueiredo: I do not say that it is being left behind, but every increase in the price of petroleum leaves us with fewer possibilities of considering it.

MANCHETE: The forecast on the social field in 1985 is still lacking.

Figueiredo: As I already did in 1980, I am going to have to delay in time some projects for the benefit of the social sector. If resources do not increase, if we were not to have a substantial increase in resources, I am going to have to delay some projects of importance for from 6 months to a year, depending on the harm the price from abroad will bring. We have to consider it well so that we will know whether it is worth delaying a project 6 months and see what economic harm it will bring, before we can redirect resources to the social sector. It is very difficult for one to say a priori how much is going to be used in one sector or another. It is going to depend on the behavior of the economy.

MANCHETE: Mr President, what is still lacking for making a democracy of this country?

Figueiredo: I would say that even the democratic way of living is lacking. That is what we are lacking, for people to learn to be democratic. Democracy at times is not what many people think. Democracy is what we are seeing in the United States: The opposition party won and there is no disturbance whatever in the country. The Brazilian politician cannot accept losing an election. There are politicians who are good in opposition but are poor in government; they do not know how to be in power. There are others who only know how to live in power, and there are those who make compromises. It is also necessary that everyone become aware that joining a party is not a choice for winning or losing an election. Joining a party is a serious option, it is a program one is going to adopt. And so, a person is advocating the program of a party and the next day, because he had a quarrel with regional factions or with the governor, he changes parties and he multiplies all his convictions by a minus one. It is true that the programs of Brazilian parties have ideas that are more or less 60 percent in common as to the reorganization of society, but there are others that do not. Then, the individual leaves a conservative party and joins another completely revolutionary that wants to change the structure of society completely, as if it were the most natural thing in the world, because he had a fight with the governor or because no one has paid any attention to his demands. That is why I believe there is a lack of a democratic way of living. In the United States, the politicians the people see change parties are very rare. When one changes, he does it because of conviction, because he has arrived at the conclusion that the program of his party is not correct. I know individuals here who have already changed parties three times in that party reorganization alone. They have already been in three!

MANCHETE: Do you consider those problems with the Church, with the OAB [Brazilian Bar Association] with some members of the opposition, and statements by some military men, to be normal episodes in a democracy or obstacles to the opening process?

Figueiredo: I consider them normal, particularly here in Brazil where we are opening up in all sectors, it is the most normal thing that exists. You remember what there was here in the country in 1946 when the period of Getulio ended. Excessive freedom resulted in the most liberal of the constitutions we had ever had. A consequence of what? Of war, the consequence of the political process we had previously. Therefore, it is natural that those things exist. Moreover, the opening is not only in the political sense. You can see opening in all aspects: art, culture, television (there is an excessive opening there) and the cinema. Those are things we must accept as normal, normal for the period through which we are passing. You mentioned tensions with the Church. I do not believe that there have been tensions with the Church. There have been certain incidents with some members of the Church. And even so, it has been because the viewpoint of some government personnel is not their viewpoint. And it cannot be. The former have a certain objective which they cannot relinquish. The government cannot stray from the objective, which is the law. If the law were to change tomorrow, very good. There are many people who say "But why not legalize the Brazilian Communist Party?" The party is not legalized because it is stipulated in the constitution that it cannot be legalized. But there has been a constitution in which it was recognized: It was legal in the 1964 constitution.

MANCHETE: Is the opposition not helping the opening?

Figueiredo: Some members of the opposition are not helping because they are opposing just for the sake of opposing, because they believe that electorally it is better not to cooperate with government plans. They fear that any gesture of cooperation by them with the government will be taken by the voters as support and they fear they will lose votes. They say: We have always given the cooperation now asked by the government and we were always rejected. I do not recall they ever gave any cooperation whatever. The cooperation they gave is the following: "It is necessary to distribute income better," but they do not say how; "It is necessary to change the Brazilian economic system." But what system do they want? Do they want the socialist system or the capitalist system? But in what respect are the forms and mechanisms to be modified? They only speak in generalities. That is what I said the other day in a speech. I complained at the lack of objectivity. I always want distribution of income, I perhaps may want to change the economic system. But I want to know what to do. They never gave me that cooperation, they only point to effects "inflation, the cost of living." Do you not think that as the government leader I want to lower the cost of living and reduce inflation?

MANCHETE: If the opposition members were to come to talk, would it be helpful?

Figueiredo: Yes, but in that respect, not coming to me and saying: "You need to distribute Brazilian income better." I know that. I want to know how, within a relatively short time, I can make a better distribution of income. If the economic system is wrong, then tell me what we should do, what changes we must make in that system. But they do not say that. They always speak in generalities.

MANCHETE: The statements and subsequent punishment of military men is also normal?

Figueiredo: I believe that is also normal. The Security Court sentenced my father to 10 years in prison, he was a colonel, and that was all there was to it. He was then placed in a cell with a common prisoner and spent 3 years there and no one said anything in this country. Getulio signed a decree killing my father, he was considered dead in every respect, and no one said anything. And when my mother went to collect the survivors benefits they demanded to see a death certificate. No one remembers that in this country, and they come to me now to talk about human rights because a general was given a 2-day punishment. We go and we come. Gondin da Fonseca was sentenced by the Security Court to 6 months in prison because he wrote a book against Caixas, because he disagreed with certain things about Caixas. And no one said anything in this country.

MANCHETE: It seems that people are not yet accustomed to democracy. There is a certain lack of trust. Whenever anything out of the ordinary happens, opinions are reiterated that the opening has halted, that the process is going to regress. Do you not find it so?

Figueiredo: There is also the state of mind of those who want something serious to happen.

MANCHETE: But is that not a sort of political suicide?

Figueiredo: It is. Now, that episode of General Serpa and General Euler is because in fact...I, for example am a good friend of General Serpa and I was a good friend of General Euler also. I never had any quarrel with him. I spent all my life getting along well with him. And I am also very good friends with General Serpa. However, it is one thing to be a friend and another to approve a measure by the minister of the army, who could not allow the reputation and the discipline of the army to be violated. The law says that, therefore, it must be handled within the framework of the law. It is unfortunate. I would have preferred that it not happen. But when he did that he knew he would be punished. I know Serpa. I was certain that he knew that. And Euler said: "It is a price I pay," therefore, he was aware of that. Now I do not see why that should cause that much concern. It is enough to look at the history of Brazil to see that we have had extremely serious cases but even that did not halt the country's march.

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## ACTIVITIES OF FIGUEIREDO'S SECOND YEAR IN OFFICE REPORTED

Rio de Janeiro MANCHETE in Portuguese 17 Jan 81 pp 12-13

[Article by Murilo Melo Filho: "Figueiredo-80, The Presidency in Numbers"]

[Text] What was the second year of the Figueiredo Government like? What were his principal activities? How many trips did he make? What were the principal states visited? How many letters did he receive? How many audiences did he grant? These and other figures may be found in the following article.

President Joao Figueiredo made three trips abroad. And by coincidence, all of them were in South America, or more precisely, to countries of the Southern Cone such as Paraguay, Argentina and Chile. Having made his first trip abroad to Venezuela last year, the Brazilian president believed he should continue with his good neighbor and rapprochement policy with the nearest countries.

Domestically, he left Brasilia 56 times to visit the states of Rio de Janeiro (13 times), Sao Paulo (nine), Rio Grande do Sul, Minas and Para (four), Bahia and Pernambuco (three), Rio Grande do Norte, Mato Grosso, Piaui, Maranhao, Paraiba and Parana (two), Santa Catarina, Goias, Alagoas and Sergipe (one).

President Joao Figueiredo did not visit the states of Acre, Espirito Santo, Amazonas and Mato Grosso do Sul in 1981 nor did he go to the territories of Rondonia, Roraima, Amapa and Fernando de Noronha.

He flew a total of 119 hours and 20 minutes, a distance of 108,000 kilometers in 5 days and nights in the presidential Boeing which took him to those states, to Asuncion, Buenos Aires and Santiago, Chile. He spent 65 days outside Brasilia of the 365 days in the year.

He received no fewer than 101,600 messages, between letters and telegrams from Brazil and abroad. He participated in 81 events (inaugurations, oaths of office and ceremonies) in Brasilia. He granted 387 audiences and received the credentials of 26 ambassadors and chiefs of diplomatic missions. He read 67 speeches, made 45 impromptu speeches and granted 27 interviews to newsmen, radio, magazines and television.



His greatest number of office meetings was with Gen Golbery do Couto e Silva, chief of the Civilian Household, 312. These are followed by 303 meetings with Gen Danilo Venturini, chief of the military household, 274 meetings with Gen Octavio Aguiar de Medeiros and 156 meetings with Minister Delfim Netto.

His office meetings with the other ministers were as follows: Air, 31; Debureaucratization, 14; Transportation, 24; Labor, 20; Health, 26; Foreign Relations, 51; Welfare and Social Security, 31; Mines and Energy, 21; Navy, 25; Justice, 57; Interior, 30; Industry and Commerce, 31; Finance, 45; Army, 33; Armed Forces Staff, 27; Education, 24; Communications, 22 and Agriculture 25. His last trip to Rio took place well before Christmas to attend the graduation ceremony for the class of the Army Command and Staff School commanded by his brother Gen Diogo de Figueiredo. Unlike other years, the president did not attend the ceremony closing the courses of the Agulhas Negras Military School, the Naval School or the Superior War School.

Addressing the Brazilians in his New Year's message, he used the last speech written for him by Minister of the Mass Media Said Farhat. Henceforth, presidential speeches will have another writer not yet selected.

In that New Year's message, which was transmitted to the country over a radio and television network, the president of the republic used only eight minutes, during which he made a review of the past year and said that 1981 will be a year of much work in overcoming difficulties.

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## FORMER PRESS SECRETARY DESCRIBES FIGUEIREDO PERSONALITY

Rio de Janeiro MANCHETE in Portuguese 24 Jan 81 pp 19-21

[Article by Alexandre Garcia, formerly national press secretary for the presidency: "The Figueiredo That I Saw"]

[Text] He is that man who looks you straight in the eye when he talks to you. Who promised to make this country a democracy. Who is administering scarce resources. Who is thus channeling large sums for investment in the social sector. This is Joao Figueiredo, the man who is president of the republic.

Well, I am going to talk about him. When I was a reporter covering his presidential campaign I wrote a book, "Joao Presidente," compiling stories about him that were told to me. But now I myself am going to tell something about him, revealing a little of what I saw, heard and felt during the 20 months I accompanied him as the spokesman for Planalto Palace. And don't think that I lost my independence due to having been spokesman. Remember, it was with his consent that my boss fired me.

Let me tell you, "Mr Joao" is an extraordinary man, one of a kind, as we often said. I don't know whether it was his boyhood on the Rio Grande do Sul pampa, listening to stories by gauchos about fighting the Argentines and Uruguayans, during rounds of mate, or the curiosity of the boy from Alegrete and Uruguaina. I don't know if it was the early years of the little fellow in the Military Academy who was so studious he always got the best grades. It may have been the pain of seeing his father persecuted, imprisoned, declared legally dead and exiled by the Estado Novo dictatorship. I don't know if it was the firm friendships he has always cultivated; the Brazilian friends of the difficult years and the happier years; or the years of the Argentine exile; or the years during the mission in Paraguay. I don't know if it is the dedication to horses, to animals in general, that so soften the heart of a man. Whether it is the love of normal-school student Dulce, the affection shown by his mother-in-law's succulent steaks, the joy his children gave him. Or it could have been the paternal example of devotion to the nation and to libertarian and democratic ideals. It may have been the solitude of Brasilia during the first years of the Cavalry Guard Regiment. Who knows, it may have been the silent work as chief of the military household or as head of the SNI [National Intelligence Service], where he found work for young people with records. Or was it the brilliant years of the "triple crown," taking first honors in his class at the Military Academy, the Officers Improvement School and the Army Command and General Staff School? Could it have been at the War College or in close observance of the teachings of Castello Branco and Geisel?

I don't know. I really don't know what influenced this man the most, what contributed most to producing "Mr Joao," the man who is now president of our country. The fact is that he "tore off the costume" when he became president and surprised all of us who had not known him. A man with an immense heart, who does not like to censure anyone, not even his own words, even though his phrases--geysers that burst from his heart--often arouse scandal among the more sensitive. A man who can neither repress a smile nor hold back the tears. Excuse me, but he is a man who is more "folks" than most folks.

Don't get the idea that I'm telling you this because I want to please the president. I know how much he detests servile flattery. But he also detests injustice, as you do.

And some injustices have been done against him. That is why I must tell about what I saw, heard and felt, being close to him. We know that it gets more attention from the IBOPE [Brazilian Public Opinion and Statistics Institute] to speak ill of the government, especially after being excluded from it. To write a book full of adjectives but few substantives, maybe get on the best-seller list. To tell the truth, it is also necessary to have the courage to say what is good and what is bad, because nobody is perfect. But it is always necessary to strengthen justice. And justice does not overcome injustice unless we do something.

Let me start by demolishing some myths. There were many people who said the president's image was the creation of SECOM (Mass Media Secretariat). Negative. The image of the Joao you know is the work of Mr Joao Baptista de Oliveira Figueiredo. Or of General Euclides and Dona Valentina, his parents, if you want to go back to origins. It was the Rio de Janeiro oculist, Dr Carlos Bessa, who made him change from his dark glasses, in explaining to him that it was not too much light that was causing the irritation in his right eye but the fact that the roots of his eyelashes were irritating the eyeball.

No one asked him to smile. The smile breaks out spontaneously, as a gift given to those surrounding him. Ask his old friends whether it hasn't been like this for decades. The cup of coffee in the traditional cafes of cities he visits is his own invention. He prefers being Joao to being president. Ask Joao's classmates in Porto Alegre. And, oh, how much trouble this compulsion to embrace, kiss and talk with old folks, children and humble persons has made for his security forces. No, it isn't just talk. Perhaps you have seen it. "I'm going over there"--how many times I heard him say that quietly to himself when deciding to answer a distant call in the middle of a ceremony. Ask the reporters who covered his trips if it isn't just like that. Don't ask someone who writes about him without knowing him, without leaving his desk, without coming to Brasilia. Ask the crippled man who came up to him in Belem and whom he sent to the governor. Ask the woman in Altamira who wanted to pay off her cottage and was given all the money the president was carrying in his wallet (2,500 cruzeiros--do you think that Joao travels about without money and without identification?). Ask the farmer in Rondonia, in his broad-brimmed straw hat and boots caked with red clay, to whom he gave a lift on the presidential aircraft. Ask the children of Brazil. Then--and why not?--ask the reporters how that story about the "horse smell" went. Insist upon knowing under what circumstances the incident occurred. And, as long as you're insisting, ask about the "he would shoot you if you made the minimum wage." Insist. You will

have to confess that he was joking, full of hearty laughter. At times one must pretend to be naive and make believe that Joao is speaking seriously, when he is really joking.

### Joao's Heart Opens Suddenly

Ah, but at other times he speaks seriously, and very seriously. Do you recall "I'll arrest and make sorry" anyone who does not let him make this country a democracy? And he means it. He has the courage to say things that we sometimes do not say or say euphemistically, so as not to hurt sensitivities. Not he. He comes right out with it. To your face, "Joao the Unafraid." That is how it was at the Christmas luncheon with reporters in which he referred to some of his appointees, some of his fellow-party-members and some businessmen. He gave the newspapers something to write about for a week. But he did not take back a single comma of what he said. This is how it was when he shouted to the terrorists that they direct their bombs at him and let innocent people go about their business in peace.

You know, the people there in the Palace who attend the 0900 hours meeting: Golbery, Medeiros, Venturini, Delfim and also Paiva Chaves and Heitor--and even Jorge, of the ceremonial staff, and Perissu, of the security staff--sometimes have their heart in their hand when Joao's heart opens to an appeal that will sweep away a prepared and complete plan. I am not speaking of a big economic or political plan, as he is able to listen and argue back, but day-to-day matters connected with the presidency. The appeal of a local vicar to be visited can make a shambles of an entire official program; an itinerary can be changed because Chief Juruna wants to talk to Joao Baptista. A prepared and discussed congressional bill can be held back because the president wants to think about it some more.

Dr Newton, the president's physician, can also be contradicted. Sometimes when he is hoping the president has a quiet weekend at home with his reading or watching soccer on television, he learns that he received an invitation to baptize a child and did not turn it down. Sometimes Dr Newton has to stifle a sigh of relief upon learning that the president is not going horseback riding but instead is going to ride his Honda 125. After a hard day the president may decide to go to the Ki-Peixe in Taguatinga or visit an art gallery, go to a supermarket or have an open-house barbecue for his friends. Sorry, Dr Newton, but "Mr Joao," before the barbecue, does not forgo a caipirinha [alcoholic drink]--or a butia [probably an alcoholic drink], which they send him from Rio Grande--and, during the barbecue, a greasy piece of meat. In fact, this cowboy from Rio de Janeiro has managed to combine carioca spirit with gaúcho character. He knows all the jokes about himself--and tells them--but does not acknowledge that lies about him and his government are being circulated.

He is a man with a clear conscience. He did not seek the presidency. It was forced upon him. His prestige in the Army was won on his own merit. No one other than he made the congenial image his fellow countrymen have of him.

He himself, doing these things that you see now and then on television or read about in the newspaper. There are things that you neither saw nor read, or that he may not recall. You do not know, for instance, how it was that "Mr Joao" received Dona Sarah Kubitschek; he gave the land for the Juscelino Kubitschek [JK] memorial.



The story is old. When he was chief of the SNI he commented at a cocktail party that one of the injustices of the revolution was the punishment of JK. The interlocutor ran and told Juscelino, who reacted with some curiosity: "But who is this General Figueiredo who has this surprising opinion about me? I don't know him." But up there in heaven he must know by now who he is. One day in August 1979 Silvio Caldes came to the palace to visit Figueiredo and asked me whether, of his own accord, without Dona Sarah knowing, he could ask the president to donate a piece of land for building the memorial, a dream that Dona Sarah had not been able to make come true. "Go ahead, with Mr Joao there are no forbidden topics," I urged him. Silvio went into the president's office and came out about 15 minutes later, rolling up his sleeve: "Look, I'm all gooseflesh," he showed me, with tears in his eyes. "He is a wonderful man. He donated the land immediately and even said that he was doing it as a matter of justice."

Dona Sarah was invited to the palace and, when she entered the president's office, found a map of Brasilia already on the desk with five options from which to choose the site. The ex-president's widow became so flustered that she had Figueiredo make the choice. "If I were you, I would choose this one here," said Mr Joao, pointing to the choicest site in the Federal District, where the memorial is now being built that will be finished in September. This was before amnesty. Shortly thereafter his friend, the governor of the Federal District, Aime Lamaison, awarded JK the Order of Merit of Brasilia. Last year, on the anniversary of Juscelino's death, Figueiredo signed a decree returning the ex-president's military decorations. And when the body is transferred to the memorial in September, he will grant JK chief-of-state honors. That is the heart of Joao, that bypassed any angry face that might be recalling the IPMs [Police-Military Inquiries] of years ago. For him, justice is more important. When the memorial's cornerstone was laid, there he was, Dona Sarah on his arm, climbing the steps of a replica of the Catetinho.

#### Nothing Done Without President's Consent

Ah, Mr Joao, the security force is driven crazy by him, when he stops the car to give someone a lift or stops to embrace an old friend he has called over from the pavement. Do you recall when he went to the Euclides Figueiredo Municipal School in Tijuca in November 1979? Well, when the ceremony was over, a proud grandfather came up to him, saying that his twin grandchildren had just been born and he invited the president to "take a walk over to my house to see them." Mr Joao did not hesitate. On foot, he went to the house on the corner to see the twins, while the official program simply dissolved. He proudly held the children on his lap and thought it was all very much fun.

"Demagoguery!" screamed some, infuriated about it. "Those twins were planted there by the SECOM," wrote one clever intellectual. But I give you my word, it was only Joao's heart.

And how they invent myths about him! This story to the effect that the palace group dominates him and other unfounded rumors. There is, in fact, a palace group. But it is headed by the president of the republic. Mr Joao is the president. He gives the final word, always. Nothing is done or left undone without the final word of the president. Of course, he is willing to listen. He will listen to you, if you have a good suggestion to solve one of the nation's problems. He listens

and decides, as he is not a dictator. But he decides and takes responsibility. He is irritated when things do not go well, when they do not come out as expected. He loses patience. But never his judgment. This is another thing he probably can do better than either of us: he becomes irritated without becoming unreasonable.

When he took office the price of petroleum was \$12 a barrel. Today it is three times that much. As a result, he cannot do what he wanted to in the social field. His misfortune is ours. But he is also lucky. Many things happened only because of him. Early in October last year he was in Minas Novas, Minas Gerais, at the city's 250th anniversary. Photographers and television cameras were massed around the commemorative plaque and a little black boy about 5 years old ran up to take the president's hand. The boy's face was that of an Athayde angel. He stayed between Figueiredo's legs. When the flag that was covering the plaque was removed, the national banner fell over the boy's head. If the scene had been planned for a publicity film it could not have come out better. Did you see it on television or in the newspapers?

What a pity.

In short, I wanted you to know about these things. There is much, much more, but I did not keep a diary during those months; I did not make any notes; I trusted only to memory and wanted to write from my heart about the heart of Joao. But why? Because he is the man who will continue being president until 15 March 1985. It is a long time. You and I depend very much upon what he does. Our freedom, our well-being are partly in his hands. In our own hands also, of course, since democracy is a system of solidarity and he will do nothing alone, but only with our help. And as there are persons betting on a crisis, against democracy, it is necessary to help him get through this troubled period and trust in him. I trust him. I trust this man because I came to know him better in these 20 months. And, look, I trust in the man who consented to my dismissal.

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## GALVEAS SAYS CRISIS REQUIRES MORE SACRIFICE BY SOCIETY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jan 81 p 26

[Interview with Finance Minister Ernane Galveas in Brasilia by Rosa Dalcin and Jose Marcio Mendonca: "Galveas Says Crisis Requires More Sacrifice"; exact date not given]

[Text] "Brazilian society has not yet made the sacrifice corresponding or proportional to the international crisis." This is the opinion of Finance Minister Ernane Galveas, who says that "all Brazilian society must pay the price of Brazil's continued importation of petroleum" through higher prices for fuel, transportation and alternative energy sources.

In his view, the "extortion" of \$27 billion resulting from petroleum purchased between 1974 and 1980, financed by foreign borrowing that culminated in a debt of \$55 billion, cannot continue, as the possibilities for using foreign savings are now approaching exhaustion. "We must reconsider this problem. We must admit that there is a fundamental crisis, an international crisis, that we must adjust to the new price structure dictated by increased petroleum prices. We must develop defense mechanisms that will bring international payments and the national accounts back into balance," he emphasized.

In speaking to O ESTADO DE SAO PAULO about the prospects for the government solving the problems of the national economy with domestic savings, the finance minister said the intention is "to pursue an objective in which our dependency on the international financial market is in the neighborhood of 2 percent of the national product and not the 5, 6 or 7 percent that we have reached in the past." According to Galveas, as the government must maintain economic growth between 6 and 8 percent--since he believes that to be the "reasonable" rate for an expanding economy such as Brazil's and "sufficient" to increase employment enough to absorb the 1.5 million workers who enter the work force annually--domestic savings will have to be raised from the current 16 percent of the national product to 20 percent,

as countries such as Brazil must make annual investments of 22 percent of domestic product. The remaining 2 percent will continue to come from foreign savings.

This process of raising the level of domestic saving, which at the same time could reduce consumption, will not be done in an "abrupt" way, the finance minister promised, because if the country is saving 16 percent and consuming 84 percent of its income and it is suddenly decided to change this proportion, the economy could suffer a shock. Hence "the objective is not to reduce production of consumer goods. It is to slow down the growth rate of consumption. Slowing down the growth rate of consumption implies that the growth rate of savings is increasing," the finance minister pointed out.

Despite the heavy burden already put on the middle class through lower salary increases and indirect taxes that are more effective than the income tax, the government intends to continue counting on its support in the new effort to increase savings. According to Galveas, the government's new policy of increasing domestic saving is based essentially on the growth of income which, in his opinion, will occur "in all sectors" because of the real increases in salaries, higher business profits and collection of more taxes.

#### Increased Savings

[Question] With this new emphasis the government is putting on the economic policy of encouraging saving, isn't there a risk of discouraging consumption, which could result in unemployment and recession?

[Answer] When the government speaks of increasing savings and begins a campaign for this purpose, we must think of this as a program that will use, essentially, the increases in income. For a nation's output to grow between 6 and 8 percent, assuming a given capital/output ratio, it must invest about 22 percent, which is the case of Brazil. To make investments of 22 percent, there must be a corresponding savings, generated within the country or absorbed from abroad.

But the changes in this framework cannot be made abruptly. If the nation is saving 16 percent and consuming 84 percent of its income and it is suddenly decided to change this proportion, the economy could suffer a shock, obviously. There could be a reduction of consumption and this reduction, instead of improving the inflationary situation, could worsen it through increasing unit costs and could aggravate the employment situation by the drop in production. And this is a program that must be conducted within the existing restraints to continued absorption of huge amounts of foreign savings.

These investments must be made, essentially, with domestic savings, because if we continue making them with 16 percent of domestic savings and 6 percent of foreign



savings, the capacity to increase foreign debt becomes exhausted in a very short time, as has happened to Brazil. We were having 14 percent of savings formed within the Brazilian economy, which is absurdly low when we know that in Japan there were times when savings formation was 36 percent and this was enough to make all the big investments in the Japanese economy.

We used various devices to increase domestic savings, which rose to over 20 percent, but at the same time we were increasing investments with big projects and hence absorbing foreign resources. There were times when foreign funds represented 5, 6 and even 7 percent of national output. The result of this was a rapid growth and high level of foreign debt which in one way or another brought us to the brink of exhausting this growth. We can no longer permit foreign debt to grow at a rate of 7 percent of national output.

[Question] You said the increased savings will be generated through income increases. In what sectors will this increase occur?

[Answer] In all sectors. It is possible to allocate a larger portion of economic growth--which last year was 8.5 percent--for saving and a smaller portion for consumption: instead of 16 percent of the 8.5 percent, make it 20 percent. If production increased 8.5 percent in real terms, there is a corresponding change in income: wages, profits and taxes increased.

[Question] Do you think blue-collar workers will be in a position to increase their contribution to savings this year, over what they saved last year?

[Answer] First, I believe they can. To the extent that they had a real increase in wages, they can consume it or save it. They can even consume less than they did the previous period. If they consume less than in the previous year there will be less demand for manufactured goods and so the structure of production will be affected. This is not what is wanted. The objective is not to reduce production of consumer goods. It is to slow down the rate of consumption growth. Slowing down the rate of consumption growth implies increasing the rate of savings growth.

#### Middle Class

[Question] Isn't the government once again overloading the middle class, already burdened enough by inflation and the income tax, by this new policy? How does the government view this question, in view of the fact that the middle class is what drives the economy and that consumes the most?

[Answer] When the Brazilian economy developed spectacularly from 1967 through 1974, with the highest growth rates in our nation's history, there was a very great demand for specialized manpower which resulted in higher salaries for those who were better positioned socially, while the wages of the lower classes remained unchanged.

Engineers, market operators and others began to receive absurdly high salaries, while the low-income sectors continued earning about the same real wages as previously. Within a policy of income distribution, I think there was room for the government to reduce the income of upper classes in favor of lower-income classes.

This situation has now been reversed, because the lower-income sectors began to get wage increases 10 percent above the rate of inflation and the higher-income sectors are getting only 80 percent.

[Question] Wage and salary earners are today the most heavily penalized by the income tax, while many types of income and capital gains are exempt or taxed at low rates. Why doesn't the government correct this distortion?

[Answer] This cannot be looked at in isolation. If we were to tax income from capital more heavily there would be a disincentive to investing that could lead to lower production and fewer jobs. It is important that things be kept balanced. Clearly, wage and salary earners are hit harder by the income tax because it is more visible on wages than on income from capital. But, as income from capital is transformed into investment, which in turn is transformed into employment and this represents an increase in income and consumption, having lower taxes on capital gains is really generating new investments and new jobs.

[Question] What is the government's concern about the risk between stimulating savings and discouraging consumption?

[Answer] When there is an inflation rate of 100 percent, this means that society is trying to invest and consume more than the physical production generated within the economy. This must be corrected. If we are trying to consume more than 80 percent of the national income it is clearly necessary to rearrange things, because if the economy is expanding 8 percent in real terms there is no point of forcing it to expand 100 percent.

[Question] How much time do you think it will take to get the proper balance between saving and consumption?

[Answer] No economist or social scientist can make a precise calculation. It is necessary to work in a certain direction. Consumption in Brazil is stimulated by two forces: disincentive to saving and increase of inflation. This is not good for either the economy or for society as a whole. It is necessary to keep the economy growing in real terms, increasing production, because by increasing production it not only increases income but also employment. But it is important not to generate either inflation or foreign debt.

#### Reduction of Dependency

[Question] What if the government is not able to get the results it wants with this policy of stimulating saving?

[Answer] That is the kind of question I don't like. If it doesn't work, we shall have to stop and reconsider the problem. There are alternatives, but when the government adopts a certain recourse for economic policy it is conducting an experiment that cannot be evaluated until it is finished. If the expansion rate of consumption is growing in a way that is incompatible with investment needs, we must keep consumption growth within reasonable proportions to permit domestic savings formation to finance investments at a level that sustains growth of the domestic economy at about 6 to 8 percent, which are what we assume to be reasonable rates

for an expanding economy such as Brazil's and sufficient to increase employment and absorb 1.5 million workers who enter the labor market annually.

[Question] Does the government intend to maintain growth between 6 and 8 percent with domestic savings alone?

[Answer] We are not going to do it with domestic savings alone, but we are going to pursue an objective in which our dependency on the international financial market is about 2 percent of national product and not 5, 6 or 7 percent as we have reached in the past, because this so increases our dependency upon foreign funds that in a short while these possibilities are exhausted and the nation is exposed to an unsustainable vulnerability from the viewpoint of the security it is desired to give the national society.

[Question] How will the government use this savings?

[Answer] The government is facing a serious problem, which is to respond to the highest priorities: stimulate agriculture to maintain domestic supply and produce surpluses for export; undertake research projects for alternative energy sources in cases where there are insufficient funds; and respond to social problems, which are constantly increasing. To the extent that it has the intelligence and skill to reorient savings, the problem is solved. The government does not want to increase savings and let it remain sterile. The purpose is to finance investments with our own resources and reduce foreign dependency.

'Someone Must Pay'

[Question] How does the government explain the inconsistency of removing subsidies from the domestic market while providing massive export incentives that, in fact, benefit foreign consumers?

[Answer] It is a complicated subject. Stimulating exports represents an incentive to the domestic market because if industry uses its idle capacity and exports its goods the increased production reduces unit costs and benefits the domestic market. Beyond this, there is a serious balance-of-payments problem that must be corrected and the most effective and rational way of doing that is by increasing exports. To increase exports it is necessary to increase competitiveness of domestic goods and for this it is necessary to provide export incentives.

[Question] Don't you think Brazilian society is paying a very high price to maintain this level of exports?

[Answer] I don't think Brazilian society is paying too much--a lot too much or even a little too much. Brazilian society has not yet made the sacrifice corresponding or proportional to the international crisis. Higher petroleum prices created a total change in the composition of industrial and agricultural costs that practically forces all countries to reformulate their economic structures. Today there are over 20 million unemployed workers in the Western industrialized countries. From 1974 to 1980 the Brazilian economy varied hardly at all from normalcy. We continue to import petroleum; we maintain our standard of living more or less at levels compatible with the growth of the economy, which was already quite

accelerated, during this period, all by means of a foreign debt that is reaching the limits of exhaustion. We must ponder this problem.

We must realize that there is a fundamental crisis, an international crisis, that we must adjust to the new price structure dictated by higher oil prices. We must develop defense mechanisms that can put the national accounts and the balance of payments in equilibrium again. This can be done only by economizing on imports of petroleum and wheat; promoting production of energy from alternative sources with domestic resources. And, of course, someone will have to pay for this. Brazil has been the victim during the last 6 years of an extortion of about \$27 billion. Someone must pay for that. It is Brazilian society as a whole that must pay. It will be paid in terms of higher prices for gasoline, petroleum derivatives, transportation. It will be paid for by higher prices for alternative energy sources.

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## BANKING OFFICIALS DISCUSS ECONOMIC OUTLOOK FOR 1981

Rio de Janeiro O GLOBO (in Portuguese 18 Jan 81 p 24)

[Interview with Lazaro de Mello Brandao, president of BRADESCO (Brazilian Discount Bank); Pedro Conde, president of the BCN and the Federation of Banking Associations; and economist Paulo Jose Possas, executive manager of the Banco Auxiliar; in Sao Paulo: "Tight Credit, High Interest Rates, But No Recession"; exact date and name of interviewer not given]

[Text] Sao Paulo--The limit imposed on credit expansion in 1981 and its impact on performance of the economy in general; performance of the financial sector last year; continuing intervention by the Central Bank in financial institutions; achievement of the export goal in 1981; and international interest rates are the major topics of this interview granted O GLOBO by Lazaro de Mello Brandao, president of the Brazilian Discount Bank (BRADESCO); Pedro Conde, president of the BCN and the Federation of Banking Associations; and economist Paulo Jose Possas, executive manager of the Banco Auxiliar.

The bankers believe that small and medium-sized industry will be greatly affected by credit limitations in 1981. Interest rates will remain high throughout the year, discouraging consumption and encouraging domestic saving. The bankers say the alternative is foreign credit, hard but not impossible to get. They do not believe the economy will go into recession, as the government will be able to intervene at the right time to prevent a social crisis.

O GLOBO: What immediate consequences will the limit imposed upon credit expansion in 1981 have for the economy? Is the decision to limit credit, in effect, the beginning of a recession? Can the reduction of domestic credit be offset by borrowing funds abroad, through Resolution 63?

Lazaro de Mello Brandao: Without doubt the limitation of credit expansion to 5 percent during the current quarter will represent a significant restriction that could jeopardize the performance of many industries, especially small and medium-sized ones. But I think it is too early to say whether or not there will be a recession. Resolution 63 may represent a good source of funds, but we must not forget that they depend internally upon the exchange rate and externally upon the willingness



of the international financial market to grant loans to Brazil and upon interest rates.

Pedro Conde: The limitation on credit expansion will undoubtedly represent a very strong pressure, which could be offset by borrowing via Resolution 63. But borrowing in the financial market is fairly difficult, although not impossible. Moreover, borrowing money abroad is, to a degree, jeopardized by the expectation of a maxidevaluation which, in my opinion, will not occur. I think that if a system could be adopted that would limit the cost of foreign transactions the borrower would feel more secure, which would encourage borrowing in the international market. As for the possibility of recession, I believe this depends exclusively upon the government's sense of timing, as it is likely to intervene when economic problems generate serious social consequences.

Paulo Jose Possas: As a matter of fact, the limitation is highly restrictive, not only because of the 5 percent ceiling, which implies a contraction of about 15 percent in natural demand, but also because it is imposed on top of an already highly restrictive base, as in December, when credit was scarce. As for recession, there are numerous signs that it is coming. Resolution 63 will not effectively replace domestic bank credit to a satisfactory extent.

O GLOBO: Besides the limit imposed on credit during the first quarter, there is a 50 percent limit established for the year. Is the banking sector likely to comply with this limit or could this limit be exceeded?

Brandao: The financial sector must comply with the goal. The monetary authorities have all the instruments needed to monitor trends and curb possible infractions. Meanwhile, the credit limitation brings very serious disadvantages for the system: credit will become highly selective; as the limit of 50 percent can be reached easily, and the demand for credit is very great in a country where business firms are undercapitalized, interest rates will remain high or inflexible downward; the credit limit may encourage a parallel money market, with serious consequences for government and business; the limitation equalizes banks in the sense that the search for efficiency will lose importance; in other words, minimizing risks in granting credit will be the main objective of banking activities; and, finally, with the limitation, the banking segment will not grow, signifying a reduction in the level of employment nationally.

Conde: The limit set for 1981 is not likely to be exceeded, because there are serious penalties for banks that do not comply with the limit, such as losing the freedom of investing surplus funds. Credit restraint in 1981 will discourage consumption and speculative inventory accumulation.

Possas: The banks must adhere to the limits of the Central Bank. The limit will be exceeded only if permitted by the authorities themselves. The measure could thus provoke a credit crunch much worse than that of 1980.

O GLOBO: Do you believe the period of interventions by the Central Bank in small banks and financial institutions is behind us, or is the liquidity crisis in the system likely to persist, with more collapses? Do you believe the end of government paternalism over the financial system is desirable?

Brandao: Failures in the banking system are cyclical and the result of administrative imprudence and irresponsibility. They will never be continued. We believe that paternalism is harmful to the system, because it could paper over serious errors, leaving them go unpunished. Administrators must be held responsible for their errors and only in this way will they be able to create a mentality in keeping with the activity they exercise. Furthermore, banks work with other people's money and this trust can never be violated.

Conde: The end of government paternalism in the financial sector is desirable in a situation where there is no other alternative, where the practice of irregularities is discovered. But I believe the authority will continue providing assistance to institutions in a temporary crisis.

Possas: It is undeniable that there will be other collapses, but I do not expect banks to fail. There is, of course, a normal support for institutions that are basically sound, but in a liquidity squeeze, which the authority cannot fail to give. Supporting "economic embezzlement" is, of course, another story.

O GLOBO: How was the performance of banks in 1980 and what are the prospects for 1981? What was the sector's profitability last year?

Conde: I believe the performance of the economy in general and of the financial system in particular in 1980 can be considered fair. It is still a little early for us to present conclusive figures about the results obtained by the banks but I think profitability last year was a little better than that achieved in 1979.

Brandao: The first half of 1980 was not good for the banking system, which showed an improvement in the second half. We do not yet have figures on the sector's profitability but it undoubtedly must have increased at the end of the year, with decontrol of interest rates. The measures recommended for the banking sector in 1981 will limit expansion of banks and hence the level of employment in the sector. Banks will have to adapt to a regime of expenditure restraint seeking to reduce the risks of their transactions. The interest-rate level should be maintained, with an increase of financial costs, discouraging consumption and favoring domestic saving. The limit of 50 percent on credit restricted banking activities and we believe the government should pay more attention to controlling the monetary base and the money supply, which are more effective instruments of economic policy than is control of credit, as the latter is, in effect, limited by expansion of the former.

Possas: The performance of the financial sector was, obviously, mediocre. Only real estate credit associations had satisfactory profits. As for 1981, the prospects are for serious difficulties, as loans are limited and interest rates, to the contrary of the heralded decontrol, are still controlled.

O GLOBO: Another measure that could affect the private sector is the recent budget for state enterprises providing for 1981 expenditures of 6.8 trillion cruzeiros. Do you believe this budget for state enterprises was so drastic as to hamper private initiative?

Possas: I don't think so. In the long run, the restriction on expenditures by public enterprises is healthy. It would be even healthier if the measure were

accompanied by reduction of payrolls, rationalization of work and more austerity in administrative investments, especially in sumptuous headquarters.

Brandao: State enterprises perform a really preponderant role in the Brazilian economy through the immense activities they engage in. There are large projects in progress that cannot be halted, such as the Steel Railway, Itaipu, Caraja, the nuclear program, Metro, the Tucuruí hydroelectric plant and others. Hence, private industry will have a satisfactory volume of orders to rely on in 1981.

Conde: The budget approved for the state enterprises indicates merely adoption of a more realistic economy, aiming at a less accelerated economic growth and incentives to saving.

O GLOBO: Some industrial sectors, including automobiles and capital goods, have begun to lay off workers. The "specter" of recession, constantly denied by the government, already worries businessmen and workers, who discuss ways of maintaining the number of jobs and even creating new ones. It is the so-called anti-recession pact. How do you view this type of negotiation between businessmen and workers?

Conde: The word recession could well be the Achilles' heel of the Brazilian economy in 1981. I repeat that everything will depend upon the government's sense of timing in intervening at the right moment to avoid possible social crises. Personally, I don't think the government will let a recession take place.

Possas: the anti-recession pact is further evidence of the maturity of the Brazilian economy, in which all participants are tired of the government yoke except, of course, the government itself. In regard to employment, the outlook for employment in the financial sector, obviously, is not rosy.

Brandao: Society does not want a recession. There are priority sectors, such as agriculture and, particularly, the alcohol program, which can absorb large amounts of manpower and stem the rural exodus. There are still new frontiers being opened, others to be conquered, that will require infrastructure programs by the government and by private initiative. The indications of layoffs are quite localized and cannot be generalized nationwide. Hence, the anti-recession pact may never get off the ground, because no one wants recession. In the banking area, there is likely to be constant preoccupation with reducing expenses, inasmuch as it will not be possible to use all installed capacity. Hence, we do not see prospects of increasing employment in the sector.

O GLOBO: The wage policy of two increases per year has frequently been accused of accelerating the inflationary process. How can wage increases act directly on inflation rates?

Brandao: The policy of semiannual wage adjustments is a great relief for the employees, to the extent that it sought not only to restore in shorter periods the purchasing power eroded by inflation but added the concept of productivity or of real gains. For business firms, the burden was quite heavy, given the lag in price adjustments granted by the CIP [Interministerial Price Council]. Aware of the problem, the government sought to adapt the law to the market, introducing changes



that should better harmonize the interests of employers and employees. The semi-annual adjustments--which represent a considerable increase in demand for goods and services--can be considered preponderant factors in raising prices during 1980.

Conde: The semiannual adjustments increased purchasing power, which, allied with the disincentive to saving, exacerbated consumption and accelerated inflation. From the social point of view, this wage policy should be continued.

Possas: Two raises annually with an inflation of 100 percent are equivalent to one increase annually with an inflation of 40 percent. And inflation rose to 7 percent a month under the previous wage policy.

O GLOBO: Do you consider the export goal of \$26 billion for 1981 feasible, even with the cooling off of the economy in industrialized nations that are already adopting protectionist measures? Can the nation's current export effort be compromised by exchange-rate policy or does the system of minidevaluations fully meet Brazil's export needs?

Brandao: The foreign commerce of Brazil still represents very little in the international trading system. Beyond our having much of the economy already internationalized and hence working with competitive costs, agriculture can provide much for the nation, not only exporting surpluses but also obviating imports of some essential goods that can easily be produced here, such as corn and wheat. To meet the intended goals, the government must adopt a realistic policy for the exchange rate, maintaining minidevaluations and remuneration to exporters.

Conde: The goal of \$26 billion in exports is attainable and the cooling-off of the industrialized economies will not affect Brazil, as its share of world trade is ridiculously small. I believe that if the minidevaluations accompany monetary correction we can reach this goal without maxidevaluations. Personally, I much prefer minidevaluations.

Possas: Under present circumstances the \$26 billion goal is unattainable. If the import dollar is worth 85 cruzeiros, the export dollar should be worth the same amount. The problem is the government's fiscal voracity. I favor exchange-rate "biparity" combined with minidevaluations.

O GLOBO: The debate about the nation resorting to the International Monetary Fund (IMF) continues, in view of the nation's basic need for equilibrium in its balance of payments. Do you believe there is no solution for Brazil other than the IMF for getting funds abroad? Should recourse to the fund be limited to a guarantee, a vote of confidence for negotiating with international bankers, or should it be aimed at borrowing directly the funds to which the nation is entitled?

Conde: I don't see anything wrong in going to the IMF, provided it can really help us. It happens that, at best, the IMF could be only an endorser for Brazil. I have more faith in a three-party solution for countries with balance-of-payments problems, with the participation of OPEC, IMF and international bankers. In the specific case of Brazil, I believe the important thing for us is to maintain a steady economic and financial policy, without expecting results in 1 or 2 years.

Brandao: If we analyze the foreign debt/exports ratio, we will see that the position of Brazil did not worsen. What is worsening is the composition of our imports, as petroleum and high interest rates incurred by the foreign debt are reducing the margin for importing goods essential to the economy's development at levels that enable employment to be maintained. Higher returns on domestic savings, stabilization of expenditures for petroleum and control of government investments, already announced by the government, are measures that will be favorable to Brazil's image and contribute toward obtaining new funds abroad without needing to resort to the IMF, which has recommended rigid policies for developed as well as for underdeveloped countries without taking the particular characteristics of each of them into consideration.

Possas: If going to the IMF as a guarantor really opens the doors of international bankers to Brazil, well and good. But this expectation is unrealistic and naive. The IMF has neither money nor power. The petrodollar problem is very serious and can only be solved through joint action. There is little Brazil can do alone, with or without the IMF. And that little bit Brazil is already doing. It is essential that the debt increase less than world inflation.

O GLOBO: International interest rates--the prime rate and the LIBOR [London interbank offered rate]--reached levels considered quite high, which will hurt underdeveloped and developing countries that will see the interest on their debts rising rapidly. In view of the international situation, do you believe the trend is to higher interest rates and higher risk rates (spreads)?

Conde: I believe interest rates in the international market have peaked and countries will not be able to withstand rates higher than those we see now. Nor will there be an abrupt reduction in these rates, rather they are likely to fall gradually to a range of 12 to 14 percent.

Brandao: We do not expect a rising trend in international interest rates. Most economies have lowered their growth rates in recent years in an effort to stabilize inflation by reducing economic activity. Hence, there should be less investment and less pressure on interest rates. What has really been difficult for Brazil is the need for big loans, which reduces our bargaining power to achieve more accessible interest rates and spreads. What may happen to Brazil is a change in the foreign-debt profile, adapting it to world inflation and the trend toward shorter-term loans.

Possas: I expect higher international interest rates and spreads over the intermediate term.

8834

CSO: 3001

## CARDINAL EUGENIO SALES SEEN AS EXPONENT OF CHURCH UNITY

Rio de Janeiro MANCHETE in Portuguese 10 Jan 81 pp 48-51

[Article by Carlos Heitor Cony: "Dom Eugenio Sales, the Option of Unity"]

[Text] The Church is news, at least it has been since a child was born in a cave in Bethlehem and the shepherds decided to go to the city to "bring the good news." Etymologically, it is always good to remember, "gospel" means "good news, good tidings."

From some time ago to now, the news arising from the Church or through the Church has not always been good. Especially in the case of Brazil, there are more and more dramatic rumors announcing breaks, divisions and the formation of wings, as if the Church were a samba club divided into wings of this and that.

The visit by John Paul II to Brazil showed a church doctrinally united around its visible and invisible leaders. Even so, speculations continued. Outside groups persist in forcing the issue, seeking to promote a Manichean division between the "good" Church and the "bad" Church. Many, uninformed naifs or biased experts, seek to break that unity, since after the failure or weakening of some national institutions the Church has remained almost alone in the field as the backbone of Brazilian society, rallying believers and unbelievers around the essential values of the human being.

Within that picture drawn in crude outline, the figure of Dom Eugenio de Araujo Sales, the cardinal-archbishop of Rio de Janeiro, becomes necessarily controversial and structurally evangelical because his pastoral action complies with a precept of the founder of the Church, who warned His apostles about the misunderstandings caused by the message of the Gospel. At 60 years-of-age, that lean native of Rio Grande do Norte, of ascetic profile but always well dressed, the smoker of good Bahia cigars, acts within an area which goes beyond the responsibilities of the bishop of a large city. Well situated within the mainstream of national events (from Rio he can have a panoramic view, an overall view of what is happening in the rest of the country), with a past which does not indebted him to civilian power (he recently refused to celebrate a mass on the anniversary of the 1964 Revolution and recently avoided receiving a decoration from the government), Dom Eugenio is performing a difficult apostolic and political mission. Poorly informed persons of all origins and types are accustomed to dividing the Brazilian Church into factions which squabble internally. The progressive wing, which for years had Dom Helder Camara as its

spokesman, its victim and its beneficiary, is now in the hands of Cardinals Paulo Evaristo Arns of Sao Paulo and Aloisio Lorscheider of Portaleza. They provide logistic and external support to the decisions of the CNBB [National Conference of Brazilian Bishops], which functions as a sort of central executive board of the Church (both had great prestige in the Roman Curia until a short time ago). The reactionary wing--still according to those experts who believe in labels as a way of thinking--would be in the hands of Dom Vicente Scherer of Porto Alegre. And finally, there would be the center, the moderate wing represented by Dom Avelar Brandao of Salvador and Dom Eugenio Sales of Rio. Possibly one of those two is wavering between the reactionaries and progressives, depending on the turn of the wheel. It is the price men with good sense pay: The radicals of one side or the other only accept ideological simplification, the simple outline that is translated into slogans easily assimilated by the initiates of universities and life.

Thus distributed and divided, the Brazilian cardinals would give support to the archbishops and bishops who in various parts of the country adopt types of pastoral activities, which are apparently antagonistic. The same behavior is required from a bishop of the rich interior of Sao Paulo, who administers to diocese such as that of Campinas, Piracicaba or Ribeirao Preto, as from the head of a prelacy lost in the reaches of the upper Amazon.

The political opening, which fragmented the opposition into parties and sub-parties, also weakened the broad front of public opinion which for 16 years was formed against the government and the system. The Church was part of that broad front, the Church which in many respects was one of the parts of the 1964 revolution. However, as of 1968, year in which AI-5 [Institutional Act Five] was published, the Latin American episcopate meeting in Medellin made its famous choice in favor of the poor. Also in that same year, the Latin American Solidarity Organization (LASO) met in Havana and renounced the tactics dictated by the Soviet Union for the communist parties of the continent and adopted armed struggle as the solution for local problems. It was the great schism of Marighela and othe revolutionaries, who wanted to turn the Andes into a family-size Sierra Maestra. Like the Catholics and Communists of the French Resistance, who in the same trenches fought against the Nazi invader, the clergy and some revolutionary leaders (who no longer obeyed the communist parties) felt that there was a common enemy to be fought: The social and economic system current in the countries below the Rio Grande. Much confusion ensued from that time to now. Camilo Torres wound up being the symbol of the priest-martyr who took up arms to fight the good fight.

Ernesto Cardenal in Nicaragua, on a less radical line, also made himself a candidate for the martyr's crown, but is capable of winning a Nobel Prize, not because of his shooting but because of his poems. Medellin brought an important guideline to the Catholics, a guideline which 10 years later was revitalized by Puebla. The Church would fight for social justice and respect for the human being at all levels, execute its preferential option for the poor but without forgetting that class struggle, armed or not, is not the Christian means for promoting that type of combat. As John Paul II made it a point to declare here in Brazil itself, one injustice cannot be replaced by another, one hate for another, one assault on human dignity for another. That is,



whether the manipulators who seek to infiltrate Catholic circles like it or not, the basic doctrine of the Church. Correct or mistaken, that is the line which can, and must, be extracted from the Gospel. The situation of misery existing in Brazil and other countries of the Third World, in the words of the pope, "is a scandal." Moreover, it is not the will of God that the people live under subhuman conditions. As can be seen, the Church has a clear, well pronounced, and old doctrine with respect to social problems. It is not an opportunistic line for the seizure of power because what distinguishes it from a political party in theory and practice is that it does not have power as an objective.

The same thing does not hold true for the possible allies, good or ill-intentioned, who suddenly swell the ranks of the Base Ecclesiastic Communities. A party, regardless of which party it is, is either opportunistic by definition and tactics or it is conditioned by opportunities in its day-to-day behavior, which winds up being the same thing. Recently, upon returning from a trip to Rome, Dom Eugenio opened the game and said without mincing words that there was infiltration in the Base Ecclesiastic Committees, a fact which was up to then denied vehemently by some members of the Catholic hierarchy, who were perhaps fearful of beginning a conflict with allies of various types and origins who provide them with broad but self-serving coverage in the rural areas, the environs of large cities, university circles, intellectual sectors and the press.

The statement by Dom Eugenio forced CNBB Secretary Dom Luciano Mendes to admit the infiltration, which in some cases is already ideological and partisan. Not too long ago, a document originating in Sao Paulo gave names to cattle in allusion to the coming elections. Labels of "good" or "bad" were given to existing parties and even to those in the process of formation. The PDS [Social Democratic Party] was pictured as the bugaboo, the PP [Popular Party] was placed on the same level as the devil and the rest were ignored. Sympathies were with the PT [Workers Party] and the PMDB [Brazilian Democratic Movement Party], although it was already known that at voting time the choice of "the Church" would be the PT. The document was an attempt to revive the Catholic Voter League (LEC), created with good intentions but misused electorally by men: Catholics or not, all are human and have shortcomings. The example of the LEC also serves as a warning: The league vetoed Cafe Filho because of the tendency to support divorce by the candidate to the vice presidency of the republic in 1950. In the August 1954 crisis, with the suicide of Getulio Vargas, the LEC abolished itself: Catholic circles subsequently withdrew the veto of Cafe Filho. The example shows something obvious: The Church cannot be conditioned to political-institutional-party interests. Another important fact related to the recent return of Dom Eugenio, was the statement by Dom Aloisio Lorscheider of Fortaleza, who called the government "sinful." His statement appeared to be the theocratic parody of a tropical Ayatollah. As columnist Carlos Castelo Branco aptly pointed out, sin is a religious not a political value. And Dom Eugenio indirectly answered Dom Aloisio, saying that the Church is also sinful. The archbishop of Fortaleza must know that in the light of theology there is no perfection in terms of either the Church or the state. Sin is the fruit of the human condition. If there were no sin, said Origen, there would be no need for the Church. Beneath all that pap can be perceived ideological and partisan appetites which take advantage of good faith and which manipulate the naivete of some bishops and Catholics in a honeymoon with popularity. The most radical, those who do not care one whit for the government, are the most incensed and most outspoken. One high official

of Sao Paulo even went as far as to declare that during his visit to Brazil the pope did not condemn class struggle. In his homily to the workers at Morumbi, John Paul II did not speak as the pope, but rather, expressing a personal point of view, he spoke only as Karol Wojtyla. The question was brought into the open: When and where did the pope speak as the Vicar of Christ and when and where did he speak as a simple citizen?

The Church is only the Church to the degree that it is above political events. It does not fight against a government or system for political or partisan reasons. In Poland, faced with the imminent invasion by Soviet troops, the Church led by the legendary Stefan Wysynsky, asked for moderation from the unions and it allied itself with the communist government of Warsaw to prevent the violation of the home of all the Poles, Catholics and communists alike.

As of Vatican Council II, more precisely since Medellin, whenever a system or government of Latin America acts against the teachings of the Gospel (practices torture or imposes an unjust economic-social system by force), the Church has risen with the strength of its traditions, ready if necessary to return to the times of the Catacombs.

The much publicized conflict between the Church and state in Brazil exists, and shall exist, as long as the government (that one or any other) commits violations against the human being and maintains an unjust economic-social system by force or deceit.

However, it is not within the purview of the Church to argue whether or not the 1964 regime is legal, whether the government is good or bad, whether or not it deserves the fires of an inquisition or the execution wall. Its evangelical duty is another and it has been performing it with courage and steadfastness. The Church bothers not only the government but the ruling classes, who are surprised at this new pastoral concept. Many had hoped that the pope would place some type of curb on that ebullient Church, which is taking the choice of preferring the poor seriously. However, John Paul II approved of, and encouraged, the Brazilian Church. Even so, he did not miss the internal factions which had formed quietly within the episcopate and the clergy. Even in Rome there were many arguments about the pontiff's agenda. A group did not want that the pope be seen with the president of the republic, arguing that the visit was going to be pastoral. Good sense prevailed: John Paul arrived in Brazil and spent one day on a protocolary agenda as a chief of state on a visit to another country with which diplomatic relations are also maintained at a protocolary level. It may seem .. seem strange, but that minor detail of ceremonial type almost soured the trip by the pope to Brazil, a trip which in the end satisfied everyone, although the government hoped that some bishops would moderate their opposition. In this respect, the pope was adamant, as the pope and as Karol Wojtyla: Wherever there is injustice, torture, exploitation of man by the state or enterprise, the Church has the duty of being the Church and disseminating the message of social justice of the Gospel. At the same time, however, the pope recalled that respect for constituted authority is also an evangelical precept. Priests and bishops are not politicians, sociologists or economists. They are Christ's emissaries on a specific mission. That separation of what is fish and what is flesh becomes essential for understanding the present position of the Church. With the passage

of the impact caused by the presence of the pope, the problems which threatened the unity of the episcopate and the clergy reappeared. The break became obvious this year's end with the statements by Dom Aloisio Lorscheider in Fortaleza and by Dom Vicente Scherer in Porto Alegre. Each bishop believes in, and uses, the arsenal of teachings from the Gospel, the episcopal councils and conferences. The ecclesiastic structure allows this type of pluralism, since the bishop only owes obedience to the pope. Therefore, we have in Brazil some dioceses such as that of Campos where masses are mandatorily in Latin, the liturgy Tridentine and social doctrine based on the "Rerum Novarum" and the "Quadragesimo Anno." Within this picture, which threatens to fragment itself (conflict of the Church with the state and the Church with the Church), the figure of Dom Eugenio Sales emerges with a leadership based not on his personal charm nor on his firepower in the area of communications. On the contrary, he makes it point more and more to be himself. The son of a judge, a native of the northeast middle-class bourgeoisie, Dom Eugenio does not have any university degrees nor did he become famous for his worldly or religious knowledge. That which marked him from the beginning was work and the way in which he adopted the people's causes. Many of the ideas put into practice by Medellin and Puebla were pioneered by him. In Natal, Dom Eugenio created the embryo of what was later to become the Base Ecclesiastic Communities. He was also the pioneer in unionizing the rural workers and became involved in ugly quarrels with the government and the large landowners because of his fight in that area. He founded a radio station to help the man of the fields (if he had not become a priest he would have been an agronomist) and surely he was the first bishop in Latin America who created the parishes of nuns, giving the religious the authority to give communion. Later on, still as a simple bishop and in his first talk with the pope, he received approval for his pioneer activities from Paul VI.

He fought the industrialists of the dry areas and he gained fame as a fearless and vigorous man. While still as the auxiliary bishop of Natal, Dom Eugenio began to be accused of being a communist by the landowners. However, the communists of Rio Grande do Norte, bothered by his intrusion into areas traditionally subject to the influence of their party, began to accuse him of being a traitor hired by foreign powers. (As can be seen, the lack of imagination of the left is not of recent vintage; it is old in time and space). It was that type of pastoral work that made Dom Eugenio a cardinal. Now, his position has received an obvious approval from the pope: Dom Eugenio was the Brazilian bishop appointed by John Paul II to take part in the recent synod held in Rome. The other bishops went with a mandate obtained in their respective episcopal conferences.

In the performance of his mission, Dom Eugenio sees clearly. His personal priority now is unity. Church is communion, meeting, congregation. The conflict with the state does not worry him. He knows what he has to do in that respect. Wherever there is a violation of the Gospel, his duty is to denounce and combat the error.

However, the crack that has developed (and finally admitted) within the Church itself, is a threat which bothers him physically. Without forgetting his duties as diocesan in a city the size of Rio, he is working to sew together those small isolated pieces of vanity or stubbornness which jeopardize the oldest western institution, that which was called "Mother and Teacher" by John XXIII and which, whether its adversaries like it or not, is always a point of reference and support for believers and nonbelievers who seek a path of justice and peace for all men.

8908

CSO: 3001



## 'GRANMA' LOOKS AT U.S. 'PROPAGANDA' MEDIA

Havana GRANMA in Spanish 13 Dec 80 p 2

[Commentary by Roberto Alvarez Quinones]

[Text] It is no secret to anyone that, in the process of capitalism's general crisis and along with the development of the mass communications media under the influence of the scientific/technological revolution, there has been an ongoing refinement of the special governmental political propaganda apparatus intended for use abroad by the imperialist countries, which are engaged in a continuous, unrelenting campaign of defamation designed to distort the goals and achievements of genuine socialism.

A telling example of that was the level reached by imperialist propaganda in the late 1940's and during the 1950's, during the so-called "cold war," when foreign policy propaganda against socialism even constituted a major weapon for use in the domestic policy of "witch-hunts" and the anticommunist hysteria in the United States and many other western countries.

Since then, it can be stated that the imperialists' anticommunist, misleading political propaganda has been raised to a higher level, becoming a permanent, legalized institution operated by all the capitalist powers. Moreover, it has been subserviently copied by the most reactionary governments among the under-developed countries that are dominated by or linked with one or another imperialist power.

It is clear, too, that the present ideological misguidance is the continuation and expansion of the imperialist propaganda system of the days of the "cold war," atomic blackmail and the "brinkmanship" policy Washington was following.

All the parts of the machinery used in the time of Truman and McCarthy, Eisenhower and the brothers John Foster and Allen Dulles, etc., altered, modernized and adapted to new realities, are the key tools of Yankee propaganda and misguidance. There are, for instance, the recently created Information and Cultural Exchange Agency, which is simply the next historical phase of the discredited USIA (United States Information Agency), founded in 1947 along with the shadowy CIA; and the Voice of the Americas and, in short, the many media and institutions devoted to this purpose. They are now being given new content and new forms, under the pressure of the worldwide balance of power, at a time when the American Empire can no longer dictate the international course of events.

According to the magazine U.S. NEWS & WORLD REPORT, Washington is currently spending over \$2.5 billion a year to meet the needs of its enormous propaganda apparatus. During the postwar years, uncommonly large sums have been, and are being, spent on misguiding anticommunist propaganda by the imperialist powers in general and by the United States in particular. In his book "The Secret Front," the Soviet writer S. Tsvigun states that, "with no fear of exaggeration, it can be said that the army of people involved in ideological misguidance can compete in quantity with the imperialist armed forces."

Moreover, during the past 30 years a large group of private enterprises has formed that are devoted to the studying of public opinion, as well as institutes and universities that perform research concerning socialism and communism for purposes of anticommunist propaganda and for the war against human reason and the battle against social progress and revolutionary movements throughout the world.

With every means, Washington supports the efforts made in this sphere by the private enterprises, coordinating their activities with governmental programs pursuing the same misguiding, counterrevolutionary ends.

One of the foundation stones of "white"--or official--U.S. propaganda has been the well-known USIA, whose name has now been changed to Information and Cultural Exchange Agency--the same dog with a different collar.

In his book "War of Words," T. Sorensen, the American propaganda expert, says outright: "The USIA was born of the cold war. Most of its officials are trained in its spirit." It should be stated that before its label was changed, the USIA spent over \$4 billion. Its efforts were always focused on the battle against genuine socialism, though it also covered other facets of the ideological struggle, such as that of disparaging the activities of western communists and frightening people with the specter of communism in Chile and in Angola, to cite only two well-known examples.

The objectives of the USIA and its reincarnation are exactly the same and have been stated by their own sponsors thus: "To insure the support of large segments of the international public for United States foreign policy by means of actions designed and planned to: maintain active propaganda abroad concerning the merits and advantages of the American way of life; contribute to the increase in foreign countries of the type of individual with pro-American feelings and ideas; seek new methods and plans for informational and ideological infiltration of the USSR and the rest of the socialist countries. . . ."

The major posts of the Information and Cultural Exchange Agency have been filled by new officials, preferably former diplomats with experience working in socialist countries. The WASHINGTON POST has reported that this change was made under the pretext of "improving the agency's chances in the struggle against the communist ideology."

At present, over 100 western and underdeveloped countries, with the aid of the already mentioned misguiding Yankee agency, are rebroadcasting the programs of the Voice of the United States of America. It is known, moreover, that the

United States has other counterrevolutionary "voices": in Munich, Federal Republic of Germany, Radio Liberty and Radio Free Europe are operating.

Those two stations passed themselves off as private American operations, which enabled Washington to assert that it was not taking part in the subversive activity directed by those stations against the socialist countries. The farce ended abruptly in 1971, however, when both stations were revealed to be tools of the CIA.

In short, the U.S. Information and Cultural Exchange Agency inherited 301 information centers in 111 countries which are intended to provide news services, libraries, reading rooms, art exhibits, documentary films and other activities. According to American sources, some 350 million people took part in these activities each year.

This vast imperialist apparatus published 450,000 fliers and brochures in 47 languages each week, distributing them in 115 countries. It also published and distributed 24 monthly magazines in 90 countries. It also has its own news agency.

At the height of the "cold war," the arch-reactionary President Harry Truman said, not beating around the bush, "The American system will endure in the United States only if it becomes a worldwide system."

To achieve that, the fabulous governmental propaganda resources and many others, such as the enormous network of radio and TV transmitters operated outside the United States by the Pentagon, and the publishing and propaganda activity secretly supported by the CIA, are in operation to export to the world the faded image of the "American way of life" and of the traditional anticommunist and anti-Soviet policy of the Yankee Empire, which in each region, and even in each country, adopts a certain flavor and a particular content.

Consequently, misguiding Yankee propaganda has several "colors."

9085

CSO: 3010

## PORT HANDLING ACTIVITIES IN NOVEMBER-DECEMBER

Havana GRANMA in Spanish 15 Dec 80 p 2

[Report by Emilio del Barrio Menendez]

[Text] Holguin--"The port and transport workers and the workers at the warehouses serving the domestic economy stand before the Second Party Congress with a very healthy work record," Jorge Risquet, member of the Central Committee's Secretariat, said on describing here the meeting for analysis of the work of the freight transport system ([the port-transport-domestic economy] chain) during November in the four easternmost provinces of the country: Guantanamo, Santiago de Cuba, Granma and Holguin.

Risquet's statement was based on the results achieved through the major effort of tens of thousands of workers, joined with their revolutionary fervor, to reduce delays in the loading and unloading of transport equipment. As a vivid example of the forward steps taken and their positive effect on the country's economy, let us look at the following:

Nationally, during each 10-day period in October, 32,676 rail and motor units were handled; in November, the average for the equivalent periods was 39,448; and during the first 10 days of December 48,289 were loaded and unloaded. This is a 40-percent increase in units in only 2 months; that is, through improved cycling of the different means of transport resulting from reduction of delays, the country has been able to transport more freight without spending any money. In plain Spanish, this is because of greater working efficiency.

With respect to port activity, the results for the work in the four easternmost provinces in November can be considered good. That is because at the region's maritime terminals as a group, a favorable foreign exchange balance of 41,398 pesos was accumulated, the difference between what was paid for demurrage and what was charged for quick handling. This occurred despite the difficulties caused by the arrival of a large number of grain ships, which exceeded the capacity of the special facilities used to unload them.

In turn, the backlog in port yards and warehouses was reduced by 25,000 tons, representing 136 percent fulfillment of the plan established for that period.

As for the loading and unloading of rail units in the four provinces in November, it was found that, of 2,175 units handled, 27 percent were processed quickly,

60 percent were processed in time, and the rest suffered delays. For motor units, of 20,972 trucks, 21 percent were processed ahead of schedule, 41 percent on time, and 38 percent suffered delays. This is the overall result for the region.

It should be pointed out, though, that those working in Guantanamo produced "zero demurrage" for rail units and 0.95-hour's delay above that established for motor units, results which are more meaningful indicators than the national average attained during the month. They are the lowest on record.

The other three provinces experienced increased delays--beside the marked advance for the other 11 making up the country--and they stand at the bottom of the national rankings. This shows that Santiago de Cuba, Granma and Holguin should work harder during the rest of December to finish the year and the 5-year period with delay time closer to "zero."

Nationally, during the first 10 days of December, progress toward optimum efficiency--that is, "zero demurrage"--has continued. The delay for rail units has been reduced from 8 hours, in November, to less than 4 over the established time. Meanwhile, the delay for motor units has declined slightly to 56 minutes over the 3 hours scheduled. The table below shows the results for the work in each province and its national ranking.

A special effort is needed in the provinces of Santiago de Cuba, Granma and Holguin so that the entire country will achieve the very necessary "zero demurrage." The men have always responded. Let us organize, plan and coordinate better so that they will occupy the position their efforts deserve.

[See table on following page]



# **SITUACION DE LA CARGA Y DESCARGA DE LOS MEDIOS DE TRANSPORTE TERRESTRE HASTA DICIEMBRE 10 DE 1980**

2 No.	3 Provincias	4 Ferrocarril			5 Automotor			12 % promedio de demora por sobre lo establecido para todos los equipos
		6 Equipos recibidos	7 Dias de demora	8 Prom. por equipo	9 Equipos recibidos	10 Horas de demora	11 Prom. por equipo	
1	Cienfuegos	176	—	—	1 790	66	0,04	1,12
2	Sancti Spiritus	225	—	—	771	72	0,09	2,41
3	Pinar del Rio	441	—	—	1 024	197	0,19	4,48
4	Villa Clara	430	7	0,02	1 307	214	0,16	4,49
5	Guantánamo	118	—	—	374	306	0,82	20,66
6	Prov. La Habana	355	42	0,12	1 753	1 242	0,71	21,83
7	Las Tunas	195	12	0,06	629	576	0,92	24,76
8	Matanzas	336	34	0,10	1 460	1 377	0,94	27,45
9	Camagüey	1 122	224	0,20	3 694	3 426	0,93	28,36
10	C. de La Habana	5 928	1 454	0,21	20 497	19 080	0,93	30,45
11	Ciego de Avila	521	59	0,07	658	1 071	1,63	37,99
12	Santiago de Cuba	308	175	0,57	4 883	5 702	1,17	40,00
13	Granma	272	107	0,39	1 244	2 144	1,72	54,27
14	Holguín	440	32	0,07	1 358	3 258	2,43	62,88
13	Media Nacional	6 867	1 086	0,16	44 422	38 710	0,93	28,97

## **Key:**

1. Loading and Unloading of Land Transport Units as of 10 December 1980.
2. Number.
3. Province.
4. Railroad.
5. Motor.
6. Units received.
7. Days' delay.
8. Average per unit.
9. Units received.
10. Hours' delay.
11. Average per unit.
12. Average % of delay time above that established for all units.
13. National average.

Note: Commas in figures should be read as decimal points.

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## NEW HOUSING PROJECT FOR NAVY PERSONNEL REPORTED

Havana VERDE OLIVO in Spanish 7 Dec 80 pp 10-13

[Article by Jose Cazanar Reyes: "Community for MGR Troops Is Born"]

[Text] In a tiny part of the western provinces, the Silvio Caro Gallardo community is being built to serve the members of the Western Naval District of the MGR (Revolutionary Navy).

There is constant activity in order to give the final touches to the first stage of this successful project; the result is this embryo of a town that will be inaugurated on 5 December.

Separated from the district by only a water line, the community has 10 comfortable multifamily buildings, 40 Giron-type individual houses and the remodeled and expanded Officers House.

The complex also includes a business center, daycare center and a semiboarding primary school. They are all temporary since the permanent facilities will be built during the next 5-year period.

"Our community has arisen in fulfillment of the agreements of the First Party Congress concerning improvement of the living conditions of the troops. This reality that we enjoy today has had the constant concern and support of Army Gen Raul Castro Ruz, minister of the FAR (Revolutionary Armed Forces), and comrades Julio Camacho Aguilera and Jaime Crombet."

Ensign Pedro Cespedes Mendez, an occupant of one of the 252 apartments built so far, stated this. He lives there with his wife, Sgt Deisy Fiallo Figueredo, and their little daughter.

Pedro is a genuine product of the FAR. He joined in response to the General Military Service's first call and graduated in the USSR as a mechanical engineer. He has been in the Desembarco del Granma Guard Unit for 8 years; he has received that high award. He is a hero.

"The advantage of living near the unit favorably affects combat readiness since we can be here in a few minutes. That is fundamental. From the personal point of view, we can lead a stable life with our close families."

Delay and Pedro just arrived home after picking up their daughter at the semiboarding school. Without giving them a chance to change clothes, Gorina took several pictures in the attractive and comfortable living room. They all smiled, looking happy. Pedro told this story.

"My wife and I are from Bayamo. We met there, dated and got married but we saw each other relatively little. My mother and sister lived in Campo Florido, closer to Matanzas than Havana. Since a soldier likes to be with his family for even an hour when he is not on duty, I went to Campo Florido often since I could not go to Bayamo. I left here at 1700 hours and arrived at my mother's at about 2200 hours. I had to leave there at 0300 hours to be here when activities began. I slept on the buses. In 1977, the first building was finished; we moved there 2 months later, in February 1978, and began a new life. We are happy."

### Attractive Place

Up where the Officers House is, almost the entire community can be seen. It adds beauty to an already beautiful place. The palm trees and sea in the background make the landscape singularly attractive. The conditions that are being created to provide everything that a future town needs make it an ideal place to live.

"Our community will grow until it has 1,200 housing units. It will also have a polyclinic, a complete business center, a semiboarding school for 400 children, sports areas, a telephone central, post office and everything else that is needed," according to Benito Canales Gorina, people's government delegate for this district.

Benito has been an educator since he was very young. He is now director of the Jose Ramon Lopez Tabranes semiboarding primary school which has 165 students. Things have gone very well for him as an educator and delegate because his center has an 86-percent promotion rate which puts it in first place municipally. He has been reelected as a delegate which shows the good work he has done in this ordinary district that is prospering by leaps and bounds. He added:

"We are united in the community and we act like brothers; the tasks of my office are tolerable because everyone contributes to their development. I can practically say that each member of the community is a delegate. In addition, we have always had the support of the District headquarters, the party leadership, the municipal people's government and all the state organisms at this level. It is going well for us and the future looks promising."

### Committee in Each Building

As the community develops, the social life is being structured through the appropriate organizations. There are six delegations of the FMC [Federation of Cuban Women] making up a bloc and there is a CDR [Committees for Defense of the Revolution] zone with 10 CDR.

"We have a CDR in each building. The members are enthusiastic, combative and enterprising. That shows the humane and revolutionary quality of the residents here," said Corvette Capt Armando Santana Estevez who works with cadres and is also zone coordinator.

Sgt Isabel Puertas Pacheco, clerk, heard the conversation and interrupted to explain the FMC. She is the secretary general of the bloc.

"Our basic work is to help the members develop politically and ideologically and carry out the remaining tasks assigned by the national leadership. The study circles have very good preparation here with a high percentage of attendance. We also undertake other activities like beautifying and cleaning as well as volunteer construction work."

A community that is born and develops demands little contributions from its inhabitants--plant a tree, pick up, wash, collect trash--so that everything is organized and clean. We saw that even the children participate in these tasks when they are not in school. Things are beginning well.

#### Both Sides Comply

The minister of the FAR visited the unit on 29 September 1975 for the 10th Party Conference of what was called the fleet then. He told its members that if they won one of the Combat Glory Guard awards, he would support them in building a community where the chiefs, officers, reenlisted personnel, sergeants and civilian workers of the MGR could live. That statement could not have been more enticing.

A month earlier, the fleet personnel had made their commitment to win such a high award. After Army Gen Raul Castro's visit, they redoubled their efforts and became more dynamic about the commitment. It was not for nothing.

"The First Party Congress approved a resolution on the improvement of the living and working conditions of the troops 3 months later which completely agreed with the commitment made by Raul. We won the Combat Glory award in 1977. Since then, the fleet has been called the Desembarco del Granma Guard. We complied and we did not have to wait for the minister's part. Today we have this pretty community that will continue growing and creating good conditions."

Civilian worker Juan A. Escandel Alvarez, a diesel motor mechanic who works in the Western Naval District shop, stated this. Juan joined the unit in 1966; 3 years ago he was demobilized but continued working in the position that he now has. He is the secretary of the party cell at the center. He added:

"We are all very grateful for the interest and support that the minister has given to improve our living conditions. We thought our community would be good; we still have interesting prospects ahead of us. To reciprocate and show our gratitude to the party, the commander in chief and the minister of the FAR, the least we can do is work more and defend this land with our lives."

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## INTERVIEW WITH YOUNG OFFICER ON MILITARY LIFE

Havana VERDE OLIVO in Spanish 7 Dec 80 pp 34-36

[Interview with Angel Garcia Pena, squadron chief, by Jorge Luis Blanco: "He Is Squadron Chief"; passages enclosed in slantlines printed in boldface]

[Text] Angel Garcia Pena was sincere with the reporter when he confessed that he was never inclined toward military life. For that reason, when he was called to General Military Service in the FAR [Revolutionary Armed Forces], he came reluctantly. He felt /now I am really unhappy/. That is the truth that he does not want to hide.

To him, military discipline was almost an insurmountable barrier. He was afraid of it, as he sees now--the early mornings at 0600 hours and the rigid schedule which they had told him about. He thought that there would be 3 years of constant monotony, /of go here and go there/. Obeying orders was not his nature.

However, one day he knew he did not have any choice but to face that situation resolutely as befitted him as a communist youth.

"Son, a telegram came for you this morning; you must report." That was the greeting his father, Conrado, gave him that afternoon in February 1980--on 14 February! The youth had returned home after a day at his study center, the Julio Diaz Gonzalez School, in Guisa, Granma Province; he was in 10th grade.

"What a day for lovers!" he commented sarcastically.

He said goodbye to his girlfriend as if he were going to war.

Although he did not know it, the most important fight in his short life was beginning now.

Actually, the notice did not surprise him because he was already preparing himself as a prerecruit and had passed a thorough medical examination.

The final conclusion of the team of physicians was: "You are fit for the FAR."

He knew, although he continually tried to empty his head of those thoughts, that he would soon wear the olive drab uniform that his brother Orlando already wore proudly. His brother was a tank driver and a Vanguard of the FAR.



Angel used to talk about his brother to his friends. In recesses between classes and in the town park at night, the youth did not lose an opportunity to praise Orlando to his comrades.

"Every week he writes the 'old folks.' In his last letter, we learned that he had been selected a Vanguard of the FAR. We are all very happy. He is a tank driver; did you know that? He is the mechanic-driver of a T-55."

Involuntarily, without knowing it, his apathy toward military life was disappearing little by little. The example of the brother influenced this naturally. Perhaps a tank already appeared in his dreams; it is possible.

However, the internal struggle of the youth had not come to an end.

In the Western Army school to which he was assigned, his opinion on military life had not changed at all.

He recalled that, during the first days, he was very cold in spite of the new overcoat they gave him and he missed his family and friends a lot.

"I am going to tell you something. Military life is hard and dangerous. This should not be a secret to anyone. I am sincere. A little while ago, I read where a soldier was telling about his experience in the FAR in such a way that everything seemed rosy. The youth adapted quickly to the changed life and assimilated the new atmosphere around him perfectly. In other words, going into General Military Service was 'a piece of cake.'

"I don't know; it is possible that there are cases like that. As a general rule, however, I believe that it is not like that. One comes in with other habits, with a different discipline even if the previous one was very good. Military life demands much more than what we learned in the classrooms or at home. The strain, for example, is different. It is not the same thing to look for the subject and predicate of a sentence and to take a gun in your hands and knock down targets that are 300 meters away or prepare psychologically to face mass extermination weapons. It is a complex process that requires time to train adequately. You do not arrive, put on a uniform and, as if by magic, become an excellent soldier who does not have problems with anything!"

One day his immediate superior called him and said:

"You have maintained exemplary discipline and have been outstanding in combat and political training. We have decided that you should take a course to become an infantry squadron chief. What do you say?"

Of course, he did not expect that. It is true that he was one of the best in everything, the best in tactics and perhaps the most accurate marksman in the entire company. But to become a leader of other men--that had never passed through his head.

He could only agree. He had already been in the FAR for 2 months. The opinions he had of military life had definitely disappeared from his vocabulary, but not in 2 or 3 days. It had perhaps taken him more than a month to reach the conclusion

that the military profession, even with the deprivations and sacrifices that it represents, is not the crown of thorns that he imagined.

New friendships, the formation of a more solid character, military instruction that makes it possible to defend his fatherland, real discipline and even the possibility of acquiring a job after he fulfills General Military Service led to the conclusion which this 19-year-old third-class sergeant, chief of a motorized infantry squadron, has reached today.

"My stay in the FAR has meant a lot to me. First, because I imagined military service was different; it was distorted. Here in the unit I have found everything necessary to continue leading a normal life. I go to the library and I find a book to my liking. If I want to play ball, then I play ball. If I am bored at night, then I go watch the unit's musical group. There are other things too, not including the solid combat training that I have acquired."

If you come to this motorized infantry unit and inquire, as we did, about the best soldiers and sergeants, Angel Garcia Pena's name will always be on the list. It is no accident that he holds the position of Vanguard of the Western Army today.

"I am about to catch up with my brother," he told us, half joking, the day that we talked with him in the Lenin-Marti Room. He is its president.

He told us, a little sadly: "Now I have to leave you. Perhaps we can continue talking another day. My men are waiting for me at the small firing range; we have a firing class and cannot lose any time. You understand, don't you?"

Yes, we understood. We let him go with Daniel, Orestes, Abel, Emerido, Ramon, Miguel, Henadio and Luis, the men in his squadron, a fulfilling squadron like its chief, vanguard like its chief.

Angel has not been in the FAR for 2 years yet. He still does not know what decision he will make when he has fulfilled his duty to the fatherland. Reenlist?

For the moment, everything is going well. The rest is a matter of time.

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## OPERATIONS OF MILITARY SCOUTING UNIT DISCUSSED

Havana VERDE OLIVO in Spanish 7 Dec 80 pp 37-39

[Text] In the FAR [Revolutionary Armed Forces], scouting is the main type of combat security for the troops. It is usually called the eyes and ears of the chiefs.

To fulfill their missions, the small scouting units form different groups like PO [observation posts], PE [scouting patrols], etc. The scouts use different methods in their work including observation, ambushes, raids, attacks and terrain investigation procedures.

The missions carried out by the small scouting units are aimed at discovering the presence, make-up and actions of land, naval and air enemies as well as the conditions of the terrain.

In general, the scouts will fulfill their missions in direct contact with the enemy. Their combat orders mean they have to act under difficult and complex conditions, under enemy action and in a tense psychological situation. Because of this, the scouts must meet certain political, ideological, moral, physical and mental conditions which, combined with courage, determination, boldness and habits of collectivism and comradeship, will permit them to successfully fulfill their missions.

With the introduction, development and improvement of mass extermination weapons and other highly destructive fire power in the armed forces of our main enemy, U.S. imperialism, a number of new and complex missions has arisen for the small scouting units. This means the chiefs at all levels must constantly improve the training and instruction of the scouts and other sources of information so that they can give their respective chiefs and general staffs information about the enemy and the terrain to permit decision-making that insures the success of our troops in combat and operations.

The main information that must be obtained by the different scouting groups concerns the size, make-up and action of the enemy; the location and types of units; principal means of fire power, especially the carriers of mass extermination weapons; strong and weak points in their combat ranks; placement of command posts and communications centers; the fire system, especially the antitank system; the placement of obstacles and engineering works; and the characteristics of the terrain, routes and degree of mobility.

To achieve this objective, the small scouting units carry out their combat and political training in times of peace.

Tactical training means field training for the small scouting units which leads to constant combat readiness to scout in modern combat.

Instruction is given on different types of terrains, creating complex situations that change abruptly, during the day and at night under the influence of a strong and active enemy. This forces the scouts to develop initiative and act decisively to fulfill the scouting missions.

In the classes, the small units are trained to scout and overcome different obstacles and destruction. They work on contaminated terrain and do engineering projects and defense measures against mass extermination weapons and incendiaries.

Also the scouts must correctly master: the principles, technique and rules of individual camouflage; the principles, rules and requirements of movement on the terrain; the use of a map, compass, distance estimation and orientation on the terrain by different methods; exposure of the objectives; and reporting the results of the scouting.

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## FAR CIVILIAN EMULATION REVIEW MEETING NOTED

Havana VERDE OLIVO in Spanish 7 Dec 80 p 54

[Article by Pablo Noa: "Enthusiasm: First Place"]

[Text] The enthusiastic joy of hundreds of civilian and military workers was the keynote of the third quarterly review of socialist emulation in the military industrial enterprises.

Jose Gutierrez from the National Union of FAR [Revolutionary Armed Forces] Civilian Workers read the document containing the results achieved by the different enterprises in their respective emulation groups.

The winners received the established incentives for the centers in the midst of infectious singing.

In the laboratory group, the first three awards went to DAAFAR [Antiaircraft Defense and Revolutionary Air Force], the Revolutionary Navy and the FAR, respectively.

In the second group, first place went to Grito de Baire, followed by Transportes Oriente and Desembarco del Granma. Those belonging to the first group came in as follows: first place to the Liberacion military industrial enterprise; second place to Gran Revolution Socialista de Octubre; and third place to Yuri Gagarin.

Representatives of each of the outstanding enterprises in the review filed past the presidential rostrum; they read communiques containing exhortations to redouble efforts to fulfill and overfulfill the technical-economic quotas and the tasks proposed to salute the Second Party Congress, Armed Forces Day and the celebration, for the first time, of Civilian Worker Day.

The ceremony was presided over by chiefs, officers, union leaders, guests and Col Francisco Cruz Bouzac, substitute for the minister of the FAR, and Col Hector Hernandez Pons, chief of the Armaments Services Office. He summarized the emulation.

Colonel Hernandez Pons expressed the importance of the emulation reviews and the effect they have had in the enterprises in recent months. He said: "It stimulates the personnel to fulfill their commitments and tasks."



He had praise for the winning centers and pointed out the work done in the Liberation enterprise which has won first place in the last two reviews.

In spite of the progress achieved, the speaker said that it is necessary to attend to the problems that persist. It is necessary to continue working in order to eliminate them totally. He then gave concrete examples and suggested practical methods and ways to solve them satisfactorily.

He pointed out other important aspects of direct work with the people in the enterprises. "It is necessary to be more critical and detailed in analyzing the problems that we have," Colonel Hernandez Pons indicated in another part of his speech. He added:

"It is the people whom we have to care for first. We are not like the capitalists who exploit people until their death. To us, people come first."

Finally, he listed the immediate tasks and the role played by the party and youth organizations, in support of the command and the union, to properly salute the top meeting of Cuban communists. He ended by congratulating the winners and exhorting the rest to imitate them.

This happy day for the workers of the military industrial enterprises did not end then. The party that had begun early in the morning resumed at that time.

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CSO: 3010

## TRAINING ACTIVITIES OF ANTIAIRCRAFT UNIT REPORTED

Havana VERDE OLIVO in Spanish 14 Dec 80 pp 26-27

[Article by Miguel Febles H.: "Complying With the Agreements of the First Congress, the 'Chilkas' Guard the Sky"]

[Text] "In the next 5-year period, the Revolutionary Armed Forces will be provided with a significant quantity of even more modern equipment, which shall be characterized by great firepower, maneuverability and automation of its components. This situation will call for higher requirements, primarily the need to continue to increase the technical-military skill of their personnel and specialists."

This quote from the central report to the First Congress of the Communist Party of Cuba gives us a very precise view of the concern and all-out effort being made by the party to strengthen the defensive capabilities of our country in the face of the hostile and aggressive policy of U.S. warmongering circles.

The agreements issuing from this historical event of the Cuban Communists on the strengthening of our armed forces have happily been fulfilled in these 5 years of hard work aimed at raising the level of training and combat readiness.

With deep pride our people have seen the modern armament provided us by the fraternal Soviet Union parade year after year before the Plaza de la Revolucion, armament which in the hands of our soldiers shall always be ready to defend the creative work of the workers and peasants in Socialist Cuba.

The "Chilkas," as the antiaircraft defense equipment characterized by great firepower and high effectiveness, are called, are already known by all the Cuban people and because of their characteristic shape make a pleasing impression.

To learn more about the life and work of the soldiers who have the responsibility for making that sophisticated equipment operate efficiently, we went to a "Chilka" battery, which at that exact time was about to begin joint training.

One by one the units began to occupy their firing positions, which were duly camouflaged to avoid being detected by "enemy reconnaissance," and at the same time, had an acceptable observation area from which their targets may be located.



#### A Chilka Unit

The chief of the battery operationally inspects the quality of the camouflage and informs his subordinate of the missions to be accomplished..."defend our troops from enemy aviation."

Immediately everyone goes into motion. While the searchers in their command post work hard looking for the aerial target, the "Chilka" operators prepare their respective action stations. A complete silence overtakes them all. Down the faces of some comrades run cold drops of sweat. Nerves become taut. The minutes of the class pass unnoticed.

There it is! Far away, behind a small grove of old eucalyptus trees, appears the silhouette of an "enemy" aircraft, which it appears, intends to fly over the positions of our troops. The searchers prepare the information necessary with exactness and skill and make a detailed report to the battery chiefs about the maneuvers of the aircraft.



1st Lt Luis Leal Acanda explains the missions to be accomplished

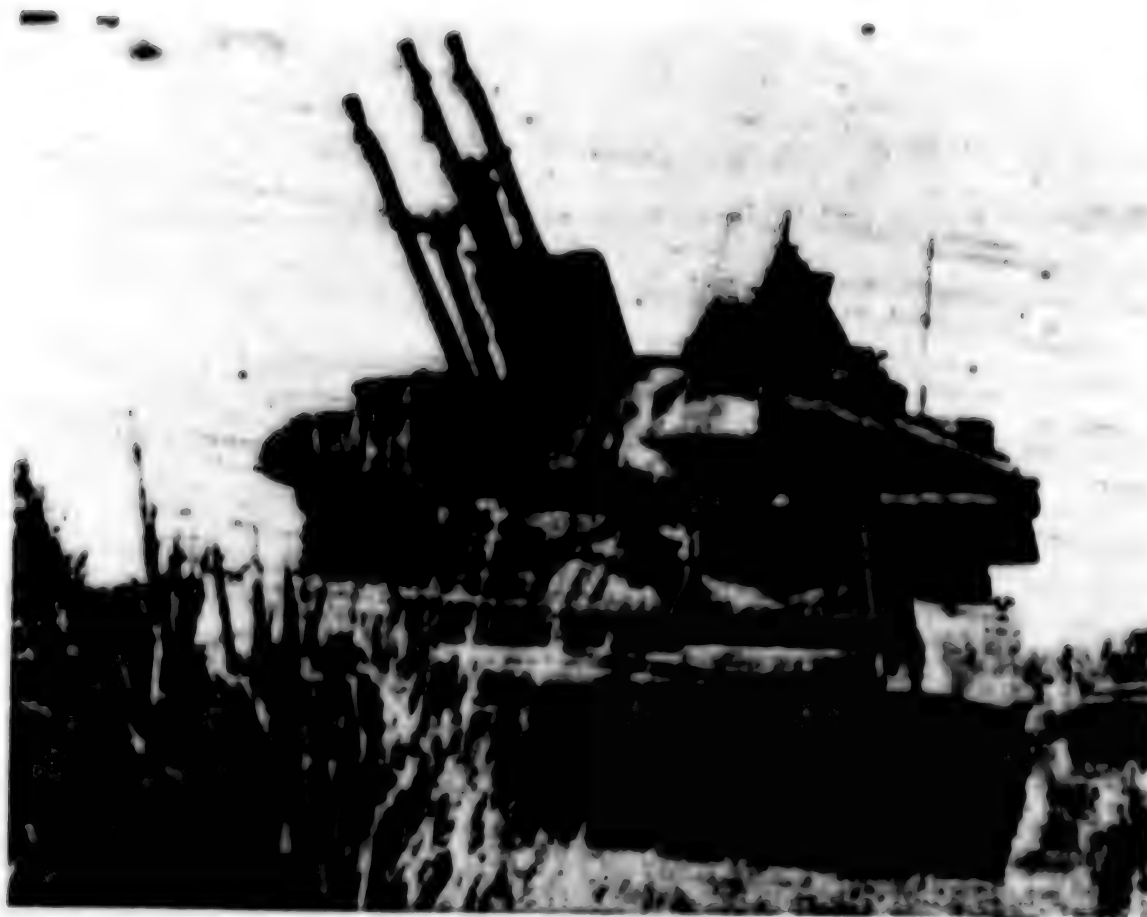
A strident noise begins to assail our ears. It is the stations which have gone into action and their radars turn constantly, looking for the target which must be destroyed by their powerful cannon.

In a few seconds the aerial target was located and the cannon ready to shoot down the despicable enemy. These actions, although they seem simple, require constant practice so as to achieve a close unity among the components of this modern weapon, particularly among the men who operate it, since they are the main element that will insure the success of the missions assigned.

During training, which included searching for, locating and tracking three different aerial targets, the crew commanded by Sublieutenant Miguel Tey Piedra was outstanding.

One of its members, Sgt 3d Class Bernardo Corpa Reinaldo, was the most outstanding operator in training. Serious of character, concerned about his comrades and with a high sense of responsibility, Corpa is also the secretary general of his Base Committee.

About the activities his organization performs under field conditions, he says: "Our main tasks are to prepare the firing positions and the command post in the proper time and condition, disseminate security measures to be employed in the work of the units and we study the firing tasks to be accomplished jointly."



The radars of the units find the aerial target they must destroy with their guns.

At the end of the training, we also talked with 1st Lt Luis Leal Acanda, who graduated in the Soviet Union. He tells us: "To work with this complicated equipment it is necessary to have a good educational level. Our soldiers must be characterized by a high sense of responsibility and must be skilled and accurate in their actions."

He concluded: "We assure our party, on the eve of its Second Congress, that the modern combat equipment they have placed in our hands will serve steadfastly for the defense of the gains of socialism in our country. The young men who handle it are worthy heirs of the fighting traditions of our revolutionary people."

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## NONCOMPLIANCE WITH ECONOMIC CONTRACTS TO BE PUNISHABLE

Havana VERDE OLIVO in Spanish 14 Dec 80 pp 52-53

[Article by Ruben Fonseca: "Far Seminar: 'Economic Contracting and State Arbitration'"]

[Text] A seminar on "Economic Contracting and State Arbitration" was held in the FAR (Revolutionary Armed Forces) for the basic purpose of channeling existing instructions in the most direct manner possible and to generally disseminate the lessons learned in this field of the planning discipline. Delegations from the armies, armed forces branches, supply agencies, management units with subordinated enterprises and other commands were present.

The opening statement was made by Col Juan Antonio Rodriguez Perez, who in a part of his speech said there have been difficulties in counseling, lack of some legal standards, and above all, there has been a lack of experience in the application of economic contracts, which makes it necessary at this time to draw as much benefit as possible from this seminar.

Seven lectures were given for this purpose, four of them aimed at continuing to delve into the general principles of contracting, at emphasizing the details of supplies and expenditures and at the explanation of some organizational measures.

The first day of the seminar was devoted to economic contracting and the second to the system of "State Arbitration," which officially began its functions on 19 November.

The organization of this event resulted from the need of the FAR to undertake the drafting and execution of economic contracts with the established quality and its objective is to contribute to the instruction and counseling of the agencies which direct economic activity within the sphere of the FAR pursuant to existing legislation.

As is known, the First Congress resolution on the Economic Management and Planning System (SDPE) establishes that sales via prior contract must be the manner in which parties must generally commit themselves in this phase of social development in which monetary-mercantile relationships and the Law of Profit still persist.

An economic contract is understood to be one which has economic and monetary-mercantile relationships as a reason and expresses them legally between the parties who participate in the execution of the plan and it establishes the obligations deriving from them so as to insure an organized cooperation among the various parties.

The seminar is taking place at the same time that the 1981 Plan contracts are being signed. That is why, because of the experience obtained, the second 5-year period can be initiated with a greater quality in contracting and that experience can contribute to eradicating the shortcomings, which were discussed in this event, in those enterprises which have not yet initiated this process or have done so only formally.

The organization of the arbitration process and the process in the FAR was also analyzed. Problems were discussed by those attending, which although they have to do with economic contracting, affect state arbitration, since the former is the raw material for the latter.

The reason for the existence of state arbitration is determined by the need to know and resolve controversies of precontractual and contractual nature which may originate among the parties of an economic contract when faced with the obligation of drafting and executing it. Only after having exhausted measures for directly resolving differences through command or administrative actions, may the parties present their claims to the arbitration agency, thus initiating the arbitration process.

Arbitration resolutions shall establish the applicable monetary punishment, according to the general or special situation of the violator, and the pertinent banking agency will be notified of this so that it can proceed to enter the debit in its account.

This punishment, aimed at reducing the profits of the enterprise and, therefore, the bonuses to the workers, technicians and managers, is a mechanism which will force the continuous improvement of economic efficiency and cooperation among the various entities which participate in the execution of the plan.

The violating party shall also be obliged to comply with the signed contract, to repair damages and to indemnify the affected party for damages caused.

It was announced at the seminar that in the arbitration resolutions it will be ordered that the chief of the senior agency and the enterprise, organization, institution or military unit be notified of the individual guilt of military personnel and civilian workers of the FAR, who are personally responsible for such violation, so that disciplinary, administrative, labor and even penal measures may be taken if necessary.

Decree No 23 and Decree-Law No 15 cover the rules for economic contracting and state arbitration. Both documents were discussed during the course of the seminar and there were opinions as to which is the best way to draft a contract, as well as on the extremes that must be considered.

With respect to arbitration, it was made clear that it is mandatory for those who cannot come to an agreement on the form and manner in which they should fulfill the plan, whether it be on an expenditure, service or supplies.

The closing speech was made by Col Juan Antonio Rodriguez Perez, who said that the 1980 Plan will soon end and with it the first 5-year period, and that everyone knows, despite all the conditions and subsystems approved by the First Party Congress having been created, state arbitration was not able to begin its functions until a few days ago. This means that the specific disciplinary mechanism for social economic planning will only have good effects on economic management beginning with the second 5-year period by learning about and resolving the differences arising in the general contracting period established by the Central Planning Board for the 1981 plan.

He emphasized that all those who have something to do with this problem must understand above all that the Plan is a law, which means that it is of a directive nature and therefore entails mandatory compliance at all levels, ranging from the job occupied by an FAR civilian worker, to the supplying enterprises and agencies.

"You know how important it is for socialist economic relationships to be free of links of a personal nature and type between those who must buy and sell, therefore, economic contracts necessarily come to abolish certain corrupt practices, guarantee that planned resources are made available in time, contribute to savings and quality and prevent unpondered actions."

He also criticized noncompliance with norms and said that economic contracts derived from compliance with the directive indicators of the plan "are of mandatory arrangement and execution by all enterprises, organizations, institutions and military units of the FAR that so require it."

He said that for some contracts are merely formalities and noncompliance with them has not resulted in any complaints. On the other hand, the need to change figures in the plan by the pertinent agency or higher decision cannot be the reason for disorganization nor does it excuse noncompliance with adjusted contracts.

Concluding his speech, he said: "We believe that those attending the seminar are taking with them as the best lesson the need to dig deeper into the problems discussed and a commitment to disseminate the lessons obtained among the units and enterprises subordinated to their respective commands."

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## REVIEW OF FAR ACTIVITIES OVER PAST 5 YEARS

Havana VERDE OLIVO in Spanish 21 Dec 80 pp 4-12

[Article by Lesmes La Rosa and Jorge Luis Blanco: "Notes for a Review"]

[Text] In the 5 years that have gone by since the holding of the First Congress of the Communist Party of Cuba, the Revolutionary Armed Forces (FAR) have experienced noteworthy changes in organization and structure as well as in equipment, gaining modern combat and weapons techniques enabling them to be even better prepared for the defense of the socialist nation.

As stated in the Central Report presented to the First Congress of the party by Commander in Chief Fidel Castro, as long as imperialism exists, the party, state and people will give maximum attention to the nation's defense services.

In addition to changes that have come about and which respond to the country's defense needs, intense work has been done in recent years to improve living and working conditions of officers and troops in keeping with one of the principal accords of the highest organ of Cuban communists. In this connection, one might mention the creation of officers' clubs, regimental clubs for sergeants and enlisted men, military communities, improvement in the work of Lenin-Martí circles, the organization of tourism and recreational activities, improvements in pay for personnel and other measures through which society recognizes the self-sacrificing and anonymous work of the guardians of our nation.

Work has been done on the consolidation of political organizations, the new recruiting policy, on improving the scientific movement in the FAR and on upgrading the professional, technical and cultural level.

In addition, notable progress has been made in the past 5 years in the system of political education and the patriotic-military training of personnel. New study plans have gone into effect. The level of the material studies base has been raised and the training of personnel in charge of this task improved. The arsenal of teaching methods and tools used to train and educate troops has been expanded.

From the very time of their creation, the Revolutionary Armed Forces have protected the growing conquests achieved by the creative work of our people and have faithfully performed all fighting missions entrusted to them by the party, the commander in chief and the minister of the FAR.

During this period, the Revolutionary Armed Forces, internationalist by their very nature, have fulfilled this inescapable duty. Angola and Ethiopia are today's examples.

The classist nature of the Revolutionary Armed Forces has been strengthened, a reflection of the political base of our socialist state of workers, farmers and intellectual workers. The current force of officers, command cadres and technicians serving in the ranks of the country's defense respond completely to the socio-political physiognomy of the working people who are building the new society.

One important aspect of the successes achieved during this period is the strengthening of the indissoluble ties that link our FAR to the rest of the population. In uniform, they have participated in all the constructive, political and ideological events planned for the building of socialism. An example of this is the massive support for the leaders of our party and Revolutionary Government during the historic marches of the fighting people in the months of April and May of this year.

The incorporation of the members of the FAR into the process of institutionalizing the country contributes to the nature of our armed institution as a new-type army. For the first time in the history of this continent, through participation in the organs of people's government, members of the Armed Forces go to the polls, along with workers, farmers, students and intellectual workers to elect their leaders and be elected, a right given to them by the new constitution of the republic.

These have been 5 years of successes, efforts and new goals set forth.

On the threshold of the Second Congress of the party, the Revolutionary Armed Forces constitute a solid bulwark of the revolution, the possessors of a great fighting spirit. Their chiefs, officers, noncommissioned officers, sergeants, enlisted men, sailors and civilian workers are educated in the principles of Marxism-Leninism and proletarian internationalism, ready to turn the slogan of all our people into reality at any time: Anywhere, anyhow, for whatever purpose, Commander in Chief, at your orders!

#### Greater Requirements

Over the past 5 years, the Revolutionary Armed Forces have assimilated an enormous amount of combat capabilities, marked by a high level of firepower, greater maneuverability and automatization. This has naturally required steady improvement in the technical and military training of personnel and specialists at all levels, an aspect measured positively in the different drills and exercises.

#### Internationalist Missions

Throughout the past 5 years, the Revolutionary Armed Forces have also complied with their internationalist mission. Their members have fought and given their lives along with their Angolan and Ethiopian brothers, in defense of the freedom and dignity of those two African nations.

#### Commitment Kept

The maneuvers, exercises and training programs have constituted a veritable school of combat training and the teaching of personnel so that any contemporary mission might be carried out.



Day and night, under any weather conditions, our fighting men have been trained in the mastery of techniques and weapons and have carried out long marches, attacks and counterattacks. They have gone through water obstacles and have rapidly crossed destroyed zones.

In such an atmosphere, which is highly similar to real combat action, the organizations of the party and the UJC [Union of Young Communists] have accumulated valuable experience in the completion of political and ideological work.

All of this has contributed to the keeping of a commitment made by the members of the FAR: hailing the Second Congress with greater combat readiness!

#### Categorization: A Patriotic Movement

The FAR have achieved notable progress during the 5-year period in their work of military categorization. It is based on a patriotic movement of the military men, aimed at an improvement in combat training and technical education, as well as the fastest possible mastery of weapons and combat techniques and a high degree of combat readiness and mobilization.

Based on the demands established by the regulation drafted for the purpose, officers, sergeants and enlisted men obtain the categorization class after satisfactorily completing, before a specially designated commission, the examinations including materials in the particular area of specialization and military matters.

#### New Recruiting Policy

In the past 5 years, a new recruiting policy has been put in effect which includes the call-up to active military service of young men with a high school education. Based on this order, those soldiers who obtain good grades on their combat and political training and on the rest of the tasks assigned them may be demobilized after 2 years in the FAR. They will also be given priority for admission to any university to pursue their chosen career.

#### Ready Reservists

In keeping with the accords of the First Congress of the party, the past 5 years have seen greater multilateral training of the Revolutionary Armed Forces reserves through military study meetings, maneuvers and other activities.

The continuers of the glorious tradition of the Revolutionary National Militias, they play a decisive role in the defense plans of our country, and their optimum preparation has had a positive effect on the high level of ability and fighting readiness with which the Revolutionary Armed Forces hail the most important meeting of Cuban communists.

#### Military Industrial Enterprises

The military industrial enterprises have constantly worked toward the combat readiness of the FAR units. In the different emulation events held in the units and in the periodic inspections, the efficiency and productivity of the men and women bearing the responsibility for such an important mission has been manifest.

Thanks to the efforts of their chiefs, officers, noncommissioned officers, sergeants and civilian workers, the combat techniques and weapons of the Revolutionary Armed Forces are in optimum condition.

It should also be pointed out the broad movement of "rationalizers" and inventors that has emerged in this kind of paramilitary unit. Through its endeavors, it helps reduce the amount of time it takes for units to be combat ready and saves the country's resources.

#### Vanguard

At the close of the 5-year period, party work in the Revolutionary Armed Forces presents a high degree of maturity and development. Party organizations have been at the center of the multifaceted tasks and missions which military construction involves.

The study and mastery of Marxist-Leninist theory has reached higher levels and there is greater use of criticism and self-criticism, in aspects relating to domestic life and the observance of the principles of democratic centralism.

Special attention has been paid by the party to the constant qualitative growth of its ranks and everything relating to the life and activities of the troops.

#### Patriotic-Military Work

Patriotic and military work has gone forward with young people and children. This work, headed by the Society for Patriotic-Military Education (SEPME), is aimed at educating young people and children in the spirit of revolutionary and internationalist patriotism and at spreading the heroic and revolutionary traditions of the people, along with the great military feats of the Liberating Army, the Rebel Army and the current Revolutionary Armed Forces. It also proposes to spread technical and military knowledge which contributes to the preparation of young people for the defense of their country.

SEPME pays great attention to the military training given to students (military departments) and to young prerecruits, who join specialist courses or technical-military sports practices.

#### Tourist and Recreational Plans

In 1980, increased attention was paid to improving the living conditions of officers: special tourist plans carried out through the utilization of the basic resources of the Revolutionary Armed Forces.

Various military vocational schools such as the Comandante Camilo Cienfuegos School were turned into comfortable tourist villas for officers and their families. This plan was carried out in the summertime during the summer vacation and was well received by hundreds of vacationers, who found what they needed to enjoy their well-deserved rest.

Likewise, vacation plans were worked out for the different beaches and excursions were made to places of interest to tourists.

## Recreational Activities

Sustained support has been given to recreational and weekend activities for troops and sergeants as one more incentive in the daily life of the army.

Sports and other games, excursions, visits to places of historic and social interest and other healthy forms of relaxation are now an important part of the plans of any unit of the Revolutionary Armed Forces. The meritorious work done by chiefs at all levels and by party organizations and the UJC must be mentioned in this connection.

## Social Security Law of the FAR

Bearing in mind the fact that in the area of social security, existing legislation was not adequate to meet the conditions of military service, at the end of 1976, the Social Security Law of the Revolutionary Armed Forces was promulgated.

The first precept of this legal document establishes that the "Cuban Government guarantees the social security of military men and their families when the specified periods of active military service are completed and when sickness, disability or death result from the conditions of military service."

## Higher Level of Centers of Military Training

On 7 December, Decree No 14 of the Executive Committee of the Council of Ministers was promulgated, establishing as centers of higher education under the Ministry of the Revolutionary Armed Forces the General Maximo Gomez FAR Academy, the General Antonio Maceo Interservice School, the Comandante Camilo Cienfuegos Artillery School and the Naval Academy of the Revolutionary Navy, in addition to the Military Technical Institute (ITM), which had already been a center of higher education since July 1976.

This new step taken in order to achieve the constant development of the FAR responds to the scientific and technical demands made by contemporary military science and at the same time, to the constant advancements made in all spheres of our country.

Decree No 14 enables those graduating from centers of military training to obtain a higher technical-scientific-military level classifying them as engineers or military licentiates, with all the professional recognition granted to those graduating from other branches of higher education.

## Skilled Workers

A considerable number of comrades demobilized from the Revolutionary Armed Forces have become skilled workers in different branches of the economy, mainly in construction and the metal machinery industry.

Likewise, personnel trained in the FAR as technicians have gone into the most diverse tasks relating to the country's economic development over the past 5 years.

## Youth Labor Army

The Youth Labor Army has continued to earn the label of the country's most productive force. Of particular importance is the work done by its soldiers in the sugar cane harvests, where they have achieved noteworthy success in increasing efficiency and productivity every year.

In the last harvest, the Antonio Maceo Brigade was the first in the country to cut 5 million arrobas (1 arroba = 25 pounds) of cane. The members of the Youth Labor Army have also contributed their efforts to the completion of numerous economic and social projects, without for an instant neglecting the military and political training plans set up for the institution.

## Officers Clubs

In keeping with the resolutions of the First Congress of the party with respect to improved living conditions for officers, work has been done over the past 5 years and is still being done to set up officers' clubs in all FAR commands.

These facilities have the comforts and space needed for the enjoyment and relaxation of officers and their families and for the conduct of political and ideological activities.

## Scientific Movement

The scientific movement in the FAR achieved noteworthy development during the 5-year period coming to a close. In this connection, one should emphasize the successful defense of theses by doctoral candidates in the military and technical sciences. A woman, Eng Capt Magaly A. Brage, became the first representative of her sex in the Revolutionary Armed Forces to achieve the rank of doctoral candidate in technical sciences.

## "Rationalization" and Invention

The rationalization and invention movement in the Revolutionary Armed Forces received great stimulus in all its units and especially in the military industrial enterprises.

Many projects were presented by rationalizers and inventors. In all cases, those projects contribute to the constant improvement of the fighting readiness of the FAR and have a positive effect on the conservation of the country's economic resources and foreign exchange.

From the very beginning, this movement has had the support and backing of our party, the commander in chief and minister of the FAR.

## Battle for the Sixth Grade

Completing the sixth grade was a battle waged throughout the country. The Revolutionary Armed Forces, as in all other activities concerning the building of socialism, did not remain outside this campaign to improve the level of education.

In this sense, the National Union of Civilian Workers in the FAR received the banner accrediting it as a winning union in the battle for the sixth grade in 1980.

This fact constituted a worthy salute to the Second Congress of the party by the FAR trade union movement.

#### Military Communities

There has been an ostensible improvement in the living and working conditions of officers. One example of this is the military communities built over the past 5 years in many FAR commands. Comfortable multifamily dwellings have been built. In some cases, military communities have their own commercial center, childcare center, an elementary day school and other facilities. Work will continue in this direction in the coming years.

#### Success in Sports

A great deal of attention has been paid to sports in the FAR, as part of the overall physical training of soldiers. Military athletes enjoyed many successes, on both the national and international level.

One should emphasize the results obtained by triathlon participants and the meritorious performance of the basketball players, who make the core of our national team. Representatives of the Revolutionary Armed Forces also participated in the 22d Olympic Games in Moscow. The FAR also conducted various competitive events at home.

Since 1969, the FAR have been part of the Friendly Armies Sports Committee (CDEA). Through this organization, which helps tighten bonds of friendship between the armed forces of socialist countries, we participated in the past 5 years in many championships, friendly competitions, joint training events and scientific and technical meetings, in addition to other activities.

Also organized by the CDEA, the FAR participated in the Fourth Summer Spartacade of Friendly Armies, held in September 1977. This was a resounding triumph for our military athletes, who won second place in the general classification, only outdone by the representatives of the Soviet Union.

#### Improvement in Political-Ideological Level

The improvement in the political-ideological level of FAR personnel has been an outstanding aspect in recent years because of the emergence of new forms and means for the achievement of such an aim. The work was done under the enlightened leadership of the party and its political organizations.

Marxist-Leninist training of officers improved substantially. New programs were worked out and implemented to include the study of documents and resolutions of the First Congress, speeches by the main party and government leaders, Marxist-Leninist theory on war and the army, the political economics of socialism and scientific communism, with certain topics applied to the military sphere.



There has also been an improvement in the political preparation of commanding sergeants, soldiers, sailors and civilian workers in the FAR.

In compliance with an important resolution of the First Congress of Cuban Communists, party schools were set up in the FAR as part of the national system of party training, for the purpose of raising the theoretical level of members and leaders. There are three levels of party schools: basic, intermediate and advanced.

#### **Lenin-Marti Clubs and Circles**

Among the many ways considered to improve the living conditions of soldiers and sergeants is the creation of the regimental clubs and the Lenin-Marti circles.

In addition to providing moments of relaxation and recreation for the soldiers, these facilities also serve as support for political organizations in their political, cultural and recreational work with the sergeants, enlisted men and sailors.

As Gen Raul Castro Ruz has said: "This system of circles, clubs and officers clubs provides them with possibilities for mass ideological work with the troops, based on the experience of the armed forces in socialist countries. This will make them the material and technical base for political work in the Revolutionary Armed Forces."

#### **Maintenance: Constant Task**

The task of maintaining technical means and weapons, together with combat and political training, has been a principal concern of the FAR. The satisfactory results achieved in this sphere has largely determined the high degree of combat readiness of the Revolutionary Armed Forces in these 5 years.

The activity of leaders, party organizations and the UJC aimed at maintaining technical means and weapons has had a profound political and ideological content and has helped ensure that our modern, powerful means are always ready for use when necessary.

#### **FAR: Bulwark of the New Law**

The strengthening of socialist legality and the completion of legislation and codes on the basis of the principles of socialist law have been tasks of vital importance in the institutionalization process on which the Cuban revolution has embarked, thereby complying with one of the main accords of the First Congress of the Cuban Communist Party.

In recent years, the National People's Government Assembly, the only organ having constituent and legislative power in the republic, has passed laws for our military institutions: the Military Tribunals Law, the Military Penal Trial Law and the Military Crimes Law.

The enforcement of these legal tools has contributed to even greater observance of socialist legality in the Revolutionary Armed Forces, which have been and continue to be the standardbearers and bulwarks of the new law.

## WESTERN ARMY COMMANDER NOTES ACCOMPLISHMENTS

Havana VERDE OLIVO in Spanish 21 Dec 80 pp 53-55

[Interview with Brig Gen Ulises Rosales del Toro, commander of the Western Army and member of the Central Committee, conducted on 18 December; place not given]

[Text] On 18 December, the second day of activities of the Second Congress of the Communist Party of Cuba, the Western Army celebrated the 10th anniversary of its founding. On that occasion, our publication interviewed the head of that command, Brig Gen Ulises Rosales del Toro, member of the Central Committee of the party.

[Question] General, what is the background of the Western Army, its main missions to date and its achievements over the past 10 years?

[Answer] The history of the Western Army goes back to the time of the triumph of the revolution. The need to defend our country against imperialist aggression caused us to adopt various structures in this part of the territory, where the capital of the republic and the country's important economic and political centers are located.

Between August and September 1959, the Western Tactical Forces were set up, including troops of the Rebel Army located at different points in the former Havana Province. Juan Almeida Bosque, currently a member of the Political Bureau of the Communist Party of Cuba, was named commanding officer of those forces.

At the beginning of 1961, the Western Tactical Forces began to be formed with the Revolutionary National Militias and the first combat units were formed. By order of the commander in chief on 14 June 1961, the Western Army was founded, using as its base these units and with the mission of defending the western part of the nation. Maj Guillermo Garcia Frias, currently a member of the Political Bureau and minister of transport, was named as its chief.

An adjustment in the organic structure of the units resulted in the creation of the Havana Army on 18 December 1970. A new modification at the end of 1973 was the change in name to Western Army.

Over the past 10 years, our units have accomplished many missions in order to continually improve their combat readiness and mobilization, the quality of their combat and political training, the care, maintenance, use and conservation of technical means and weapons, military discipline and other aspects of work.

At the same time, a large number of soldiers in our command have completed exemplary internationalist missions in keeping with the Marxist-Leninist principles guiding our conduct.

Today, 10 years after the founding of our army, we can state that we are better prepared than ever to defend the conquests of our revolution, more confident in the future and more determined to carry out our patriotic and internationalist duties.

[Question] To what extent have party organizations and the UJC been influential in the achievement of this success?

[Answer] Political and party work has always been present in all the tasks of the army since its founding. Supporting the political and ideological work of leaders and their deputies for political work, party organizations and the UJC have worked hard to make the successful completion of the many missions of the army possible.

Party conferences have been a suitable framework for analyzing the political and party work done.

In January 1971, the first party conference was held. In October 1975, the second took place with the participation of the minister of the FAR (Revolutionary Armed Forces), Gen Raul Castro Ruz, who was elected delegate to the First Congress of the party and precandidate for the Central Committee.

In October 1977 and September 1980, the third and fourth conferences were held. At the conferences, the army evaluated compliance with the accords and resolutions of the First Congress of the party.

By means of the established forms and methods of work, the UJC organizations have also played a principal role in these tasks and missions, achieving the cohesion of the masses of young people whose efforts have been a decisive factor in what has been done.

[Question] What work has been done in keeping with the resolutions of the First Congress of the party?

[Answer] Complying with the accords of the First Congress of the party has been the core of the activities carried out starting with the holding of that principal party event. As a result, the multilateral preparation of the reserves has been improved. Our reservists have participated in numerous maneuvers since the time of the founding of the army. Outstanding among them are the 15th anniversary of the FAR, the 11th Youth and Student Festival, the centennial of Maj Ignacio Agramonte, the 5th anniversary of the army, the Granma landing, the Bay of Pigs victory, the First Congress of the party, the 20th anniversary of the FAR, the Second Congress of the party, the Strategic Armies Victory '74, Bay of Pigs 14, Liberation and others.

Officers are trained in leadership, doing active service for specific periods. They also hold study meetings in order to improve their military knowledge.

At the same time, hard work has been done to ensure the satisfactory condition of technical means and weapons, which has made it possible to increase the number of vehicle parking areas, covered warehouses for technical means and weapons rooms.

In addition, substantial improvements have been made in the material living conditions of personnel. Since the army was founded, many projects have been completed. Camps have been built or remodeled. Dormitories, bathrooms, classrooms, cafeterias, kitchens, clubs, and so on, have been built. To give you an idea, in 1979 alone, 29,000 square meters of constructions were completed and another 14,000 were remodeled.

We have also worked to improve living conditions in the field for units and the army as a whole.

[Question] How has the application of the new recruiting policy affected the combat readiness of units in your command?

[Answer] The application of the new recruiting policy has had a noteworthy effect on improving the combat readiness of units. A large percentage of the new soldiers joining as a result of the General Military Service Law are preuniversity graduates and intermediate-level technicians.

This cultural level enables them to assimilate modern military techniques more rapidly. These units are characterized by increasing complexity and a greater degree of automatization.

In addition, Order 20 of the minister of the FAR referring to the shortened period of active military service for preuniversity students whose performance has been exemplary has been an incentive for those young people, who see in this measure, not only the possibility of completing their military service before the anticipated time, but also that of continuing their higher studies, which naturally affects their willingness to learn rapidly. This also improves their combat readiness.

[Question] What projects have been completed to hail the Second Congress of the party and the tenth anniversary of the army?

[Answer] Like all the other armies, types of armed forces, commands, centers of production, services and education centers and institutions in our country, the Western Army drew up a commitment in salute to the Second Congress of the party, with the particular feature that the completion of its tasks would also be related to the tenth anniversary of the army, inasmuch as the latter occurs in the period of the celebration of the highest meeting of Cuban communists.

Making a general evaluation, we can say that this commitment has been satisfactorily met. The leaders, organizations, political bodies, party organizations and the UJC have satisfactorily met the accords and resolutions of the First Congress of the party. The fourth party conference was held and the entire preparatory process for the Second Congress was completed.

All the measures relating to improving combat readiness were carried out with satisfactory results, as were all aspects relating to the repair of transport means and the construction of facilities for servicing transport.

Programs for combat and political training are being carried out as planned and the quality of instruction has improved. A divisionary maneuver was carried out and graded as satisfactory. The planned number of persons have been trained as reserve officers during this period.



Technical classrooms have been built, plus 16 parade grounds, 4 instruction areas, 12 study centers and over 10 classrooms for different areas of specialization. We have also built 12 Lenin-Marti club areas, 3 clubs for sergeants and enlisted men and the Army Officers Club.

In order to improve material and living conditions for personnel, we have put up various facilities such as dressing rooms, service rooms, barracks, and so on. The army's bakery was also opened.

Cultural, recreational and sports activities have been increased and we have initiated a vacation plan with good results.

The degree of vocational skills and advancement in the Camilo Cienfuegos Military Vocational Schools has improved. These schools have maintained a good attendance rate and programs have been carried out 100 percent.

The execution of production and services plans is better than in previous periods and work has been done under the principle of a consistent policy of savings, care, maintenance and conservation of facilities, technical means and equipment.

[Question] How has the Western Army supported the establishment of territorial troop militias? What importance do you attribute to this fact in connection with the defense plans of this command?

[Answer] Since it began, the creation of territorial troop militias has been a task receiving priority from the army. A commission was set up within the staff made up of different specialists in order to give direct aid to local organs of people's government in charge of carrying out this project. Pinar del Rio Province is leading the way in this task, followed closely by Havana and Havana City provinces.

These results have been possible, first of all, because of the enthusiasm of our people and the seriousness with which the organs of people's government have taken up the task. In addition, we have had the support of the party and mass organizations.

The importance of the territorial troop militias is decisive in our territory's defense plans. As our commander in chief said in his 1 May speech: "We must prepare for two types of war: conventional warfare and people's warfare, two wars, two types of war. This will force imperialists to think hard before making the stupid mistake of invading our country."

[Question] Would you like to speak about the immediate prospects of the Western Army?

[Answer] Actually, we are stimulated by progress made to date. Nevertheless, we cannot forget that the factors influencing the policy of strengthening our defense capabilities continue to exist.

This is confirmed by the recent election campaign in the United States and the steps being taken by the imperialists. The administration of Reagan, who was just elected President of the United States, is marked by the influence of the most reactionary imperialist financial groups, which promote the cold war policy and promote the



arms race. Not only did their spokesmen not conceal their reactionary positions during the election campaign, but rather, used them to exacerbate national patriotism and to proclaim themselves its most loyal representatives.

According to these positions, with respect to our continent, they proclaimed their intention of avoiding the rise of the revolutionary movement at all costs and of promoting aggression and invasions aimed at our country.

In the face of this alternative, the immediate prospects of our army are to continue the gradual improvement in keeping with the pronouncements of our commander in chief so as to achieve greater levels of combat readiness. We must improve the quality of our combat and political training and continue to increase our mastery of techniques and weapons, seeking their increasingly rational use.

Our prospects also include an improvement in the political and ideological level of soldiers, even greater observance of conscious military discipline and greater cohesion of staffs and higher levels in order to achieve greater effectiveness in the leadership of troops. All of this will enable us to take the measures aimed at defending the conquests of the first socialist revolution on the American continent.

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